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Cross-Border Trade With Finland Shows Increase

94EN0329Z Helsinki HUFVUDSTADSBLADET
in Swedish 12 Apr 94 p 1

[Unattributed article: "Trade Across Eastern Border Increasing Rapidly"]

[Text] Trade between Finland and Russia is continuing its explosive growth. During the first three months of this year, nearly 390,000 metric tons of export and import goods crossed the border. If the trend continues at this rate, the total trade in goods will exceed 1.5

million metric tons this year. The corresponding figure in 1993, a record year, was just under 900,000 metric tons.

The main increase has been in exports to Russia. During the first three months of this year, the flow of export goods increased a full 217 percent over the corresponding period last year. At the same time, the flow of import goods rose by 4.9 percent.

Most of the export products originate in other countries and pass through Finland as goods in transit. During the first three months of this year, transit trade totaled 214,000 metric tons. That is an increase of 365 percent over the corresponding period last year.

Unified Civil Code Advocated for CIS Countries

944F0683A Moscow OBSSHCHAYA GAZETA
in Russian No 18, 6 May 94 p 6

[Interview with Sergey Alekseyev, corresponding member of the Russian Academy of Sciences and chairman of the Research Council of the Center for Private Law, conducted by Vitaliy Yaroshevskiy; at the OBSSHCHAYA GAZETA editorial office, date not given: "The Civil Code Is Superior to All the Napoleonic Victories"]

[Text]

[OBSSHCHAYA GAZETA] Sergey Sergeyevich, the CIS states are now looking for optimal ways and means of integration. One of these means is called the law. What is this: Yet another declaration, or something real?

[Alekseyev] Our former state adhered to unnatural factors that united various peoples, nations, and ethnic groups in its framework. Authoritarian power figured as the main factor for everyone. It was this that determined political principles not only of the former imperial state, but of society as well. There is no such factor today. Therefore, we should not foster unrealizable hopes associated with the creation of a new Union. This is already impossible. Nor will the institutions of foreign administrative power, on which some politicians set their hopes, "jump into action." Heads of state and members of their governments assemble, adopt various documents and statements about integration, but there was none and is none. Although this does not mean that integration is impossible, or is not necessary. Consequently there is a need to find a universal and effective factor of unification that is comprehensible to everyone. Strictly speaking there is no need to search for it. This is the law and the creation of a unified rule-of-law space that does not depend on the whim of leaders or any kind of official persons whatsoever.

[OBSSHCHAYA GAZETA] However, what does law mean? This, after all, is a very multidimensional concept, which in many ways is tied to the specific nature of the existence of one or another state.

[Alekseyev] But I am talking about strictly specific things. I have in mind a legal principle that ORGANICALLY operates in practically all states and determines a significant part of their mutual relations. This is private law. The same that is based on Roman law and eternal legal values: property law, freedom of contract. Roman law, which spanned the entire history of human civilization, has not lost its influence on modern jurisprudence. But there is a reason for saying that Rome conquered the world three times. First, with force, then with religion, finally, with law. It is precisely the postulates developed by ancient Roman jurists that unite West

Europe today. I am asserting this not without proof, but based on my experience in work in the court of the European Community in Luxembourg and contacts with colleagues who are prominent Western jurists in this work. And all of this because this law in turn originates from trade and the market economy. This is also the main path of integration for the CIS countries. At least, because nothing better has been devised.

[OBSSHCHAYA GAZETA] Yes, but with all their similarity, different systems of law operate in the Commonwealth states.

[Alekseyev] I agree. But a working organ already exists that could resolve the "problem of disjunction." It is not necessary to reinvent the wheel. There is a center for research on private law in Russia. Its activity can be applied to the entire territory of the CIS. The task of the center: To develop a draft law concerning civil law (and this, really, is private law), which in its totality would form a certain unified system.

[OBSSHCHAYA GAZETA] But, after all, CIS members might not like your draft law.

[Alekseyev] Of course. If draft laws of this kind lack quality. But the center guarantees precisely quality, inasmuch as they are being prepared and will be prepared by the very highest class of specialists. Moreover, Nazarbayev has already expressed his opinion in the sense that Kazakhstan is preparing its Civil Code with the help of Russian jurists. In addition, the private law center, even in its strictly Russian role, is inviting prominent jurists from the former Union republics to collaborate. We are working with Professor Basin from Almaty, Professor Krupnyy from Kyrgyzstan, and Ukrainian jurists. Thus, we are talking about giving the center the status of an organization within the scope of the entire CIS.

[OBSSHCHAYA GAZETA] But what is to be done with the pride of the leaders of the republics? They will want strictly THEIR OWN national Civil Codes?

[Alekseyev] They will not be able to oppose absolute necessity. No matter what they say, market relations inside the CIS are a reality. They cannot exist outside the law. This means that they need an adequate juridical rigging, a form, if you wish. But it has turned out historically that there simply is no other form, besides the Civil Code, that is built on the principles of private law. Otherwise all these discussions about a new economy, a free market economic system, and entrepreneurship are pointless. As the saying goes, there is no alternative. In the whole world, civil society (and all CIS members want this) began with Civil Codes. While already in exile, Napoleon claimed that the Civil Code of France, which was established with his direct participation, was superior to all his 40 victories.

Problems of Currency Merger with Belarus

PM1304140194 Moscow ROSSIYSKAYA GAZETA
in Russian 12 Apr '94 First Edition p 6

[Article by Candidate of Economic Sciences Vera Shirobokova, adviser of the "Reform" International Fund, followed by unattributed report under the general heading "Belorussian Ruble's Bid to Jump Hurdles"]

[Text] There has been much debate of late over the unification of the Russian and Belorussian [Belarusian] monetary systems. Viewpoints are at times diametrically opposed. So what is really happening?

The mechanism for merging the two countries' monetary systems has been elaborated and agreed over the last three months. The commission working on these problems succeeded in making fairly good progress. Agreements were reached on many contentious issues, and a version of the treaty was proposed by the Russian side. However, when agreeing it with experts from Belorussia it proved impossible to surmount differences of opinion on four fundamental provisions.

The first contentious issue concerns the exchange rate of Belorussian bank notes against Russian rubles. The Russian side believes that revaluation should be implemented according to the average value of the purchasing power parity of both countries' currencies and their market cross rate against the U.S. dollar. It is proposed that this rate be applied both for the exchange of cash and the revaluation of other monetary assets.

The Belorussian side, however, proposes using a recalculation rate based on the purchasing power parity of bank notes. It is proposed that funds held by the population in savings and current bank accounts be revalued at a rate of one to one, but subject to a six-month delay before these funds can be withdrawn (until the complete withdrawal of Belorussian currency from cash circulation).

Prices for deliveries of products between both countries' economic organizations constitute the next highly significant point of divergence. Russian experts propose a gradual reduction of export duties (starting with 30 percent) with commitments from Belorussia not to levy payment for the transit of Russian cargoes across its territory, or rental payment for Russian military facilities.

The Belorussian side, however, proposes to abolish all reciprocal export duties and switch to domestic Russian prices for energy sources in mutual settlements as of the date of the monetary systems' unification. It is assumed that, in doing so, Russia's losses from lowering prices for energy sources will be offset by cuts in expenditure on transit and the lack of outlay on patrolling its Western border and of expenditure on the upkeep of military facilities. Moreover, lowering prices for energy sources

will make it possible to cut the level of production costs for Belorussian output and thus reduce its end price for Russian consumers.

The other two points of divergence are largely political. Since the unification of monetary systems presupposes unification of both the budgetary and the banking systems, the Russian side is insisting that this process be completed as quickly as possible (by the beginning of 1995). But as regards the budget, Belorussia is prepared merely to create the preconditions for its consolidation by the end of 1994.

In order to merge the banking systems, Russia proposes to reorganize the National Bank of Belorussia as a branch of the Central Bank of Russia, transferring to the latter all assets and liabilities and extending to Belorussian territory the effect of Russian laws in this sphere, by the end of this year. Belorussia, however, is insisting on preserving the status of its National Bank while significantly curbing its functions.

It seems that the current status of talks on the unification of the two countries' monetary systems offers opportunities to seek a compromise in solving the aforementioned problems. In particular, the adoption of Belorussia's proposal to exchange the population's savings at a rate of one to one could be quite painless from the point of view of consequences for Russia's economy. The sum total of the monetary accumulations of this republic's population converted in its entirety into Russian rubles represents a quantity which is not significant enough to substantially affect the unified system's total amount of money in circulation. Moreover, this option for exchanging the population's savings provides for the freezing of deposits throughout the period of exchanging bank notes.

As for equalizing prices for reciprocal deliveries of products and abolishing export duties, then here, obviously, we ought to proceed from the premise that monetary union is the highest stage of economic integration. It must, undoubtedly, be preceded by the creation of a customs union with the abolition of reciprocal duties and nontariff restrictions, a common market with the abolition of obstacles to the movement of goods, capital, and labor, and an economic union involving, in addition to everything listed above, a high degree of coordination in economic policy. Only when these stages of integration have been traversed will it be possible to talk about creating a monetary union. In this connection, the Russian side's unwillingness to opt for the complete abolition of duties for imported goods means a restriction on implementing the first stage of integration—the creation of a customs union.

Furthermore, the Russian side is taking into account of current losses from deliveries of fuel at domestic prices, while taking no account of the possible gain (and not only economic gain) in the long term. And even the Belorussian side's arguments, substantiating compensation for lost profits, should be taken into account. After

all, in the event of failure to sign the agreement on monetary union, Russia will have to set up a real border with Belorussia and a corresponding infrastructure in order to ensure effectively protect its economic interests. Apart from all else, Belorussia may introduce stringent customs duties for the transit of Russian cargoes across its territory, as well as demanding compensation for expenditure on the upkeep of Russian military facilities. All this together is quite comparable with that which Russia is losing on deliveries to Belorussia of energy sources at domestic prices.

But the fate of the agreement in question depends on how far the sides are ready to go toward mutual concessions. What that agreement may give to both sides, and not only in the economic sense, has already been discussed on many occasions. But unfortunately, it seems that in this issue, as in all the economic processes under way in the CIS, it is not economic expediency which prevails when implementing specific actions, but political considerations. [Shirobokova ends]

...And Meanwhile

The results of the latest stage in the talks on the unification of the monetary systems have been perceived ambiguously in Belorussia. National Bank Chairman S. Bogdankevich, for instance, stated: "I have no more illusions. It must be admitted that the 8 September treaty is not viable, it has not been accepted by the Russian side."

Some of the republic's political forces have also been quick to exploit this for their propaganda ends. Thus, a statement by the Belorussian Association of Servicemen, recently abolished by decision of the Supreme Court but re-created in the form of an organizational council, sharply criticized the government for its desire to unify the monetary systems of Belorussia and Russia. And it issued an unequivocal warning: "We know the names of those who are campaigning to destroy the political autonomy of Belorussia, and we consider it our moral duty to warn these people."

Nevertheless, the republic leaders' views on the unification of the monetary systems have not altered. And this, obviously, is primarily attributable to the state of the economy. According to data from the Belorussian State Committee for Statistics, its national income in the first two months of this year, compared with January-February last year, fell by 33 percent. The volume of industrial output stood at 63.5 percent. Reciprocal indebtedness rose significantly, and large stocks of unsold products have built up. As of 1 March, Belorussian enterprises had stock surpluses worth R2.114 billion. Some 88.9 percent of all outstanding debts comprised debts to Russian enterprises.

This is why Belorussian Parliament Head Mechyslaw Hryb expressed concern regarding the prevailing situation since, pending the forthcoming unification, enterprises are standing still and trade is paralyzed. "It is neither to our advantage nor to that of Russia to prolong

this issue further. If we cannot work things out, this means that it is necessary to elaborate a new content of the bilateral agreement, a large-scale treaty between the two states," Mechyslaw Hryb stated. In his words, the Supreme Soviet Presidium has already resolved this question: A commission has been set up under the leadership of Supreme Soviet First Deputy Chairman Vyacheslav Kuznetsov, which will work out a new agreement.

Vyachaslaw Kebich, head of the Belorussian Government, also believes that the final documents will be signed in the interests of both states. He stressed that he sees the aim of his life as being the actual integration of the economy of two peoples, close in spirit and culture, and in mode of thinking, who want to be together.

Picketing for Release of Russian Activist in Kazakhstan Reported

944Q0361B Moscow NLEZAVISIMAYA GAZETA
in Russian 6 May 94 p 3

[Article by Sergey Kozlov, under rubric "Kazakhstan": "Public Organization Activists Demand the Freeing of the Leader of the 'Russian Commune' in North Kazakhstan: Official Alma-Ata and Moscow Are Not Hurrying To Clarify the Situation"]

[Text] Boris Suprunyuk, leader of the North Kazakhstan department of the "Russian Commune" organization, who was confined under guard on 12 April of this year, has been brought to Alma-Ata for enforced psychiatric evaluation. The prisoner is being charged with actions the punishments for which have been stipulated in Part 1 of Article 60 of UKK [Kazakhstan Criminal Code] (the article is called "Violation of National and Racial Equal Rights and the Equal Rights of Citizens Depending Upon Their Attitude Toward Religion").

As a citizen of the Russian Federation who is residing in the Kazakhstan city of Petropavlovsk, Boris Suprunyuk attracted the interest of the North Kazakhstan procurator's office as early as last summer, after he spoke at the local Cossack Circle, criticizing the "linguistic" policy of the city authorities. The criminal case that was initiated in this regard languished until April of this year. But apparently after Suprunyuk took part in the picketing of the Kazakhstan embassy during Nursultan Nazarbayev's recent visit to Moscow, the authorities decided to let this case go full speed ahead. The leader of the "Russian Commune", after his arrest, was in Petropavlovsk for one week, and no one, not even his lawyer, was allowed to see him. According to a statement made by employees of the oblast procurator's office, during the night of 19-20 April, the prisoner was taken to Alma-Ata for the purpose of undergoing trial-related medical evaluation. But for a period of two weeks nothing was known about Suprunyuk: Kazakhstan officials completely refused to make any comments on the situation. There was a similar lack of success in the attempts made by

employees of the Russian embassy in Alma-Ata to learn anything about the fate of the Russian citizen.

The embassy sent notes several times to the republic's Ministry of Foreign Affairs, and statements were also sent to the Kazakhstan ambassador in Moscow from the appropriate committee of the State Duma. According to Russian diplomats, both Nursultan Nazarbayev and Andrey Kozyrev were informed of this. By preventing the embassy employees from seeing the accused, the Kazakhstan authorities, in the opinion of the same diplomats, are violating the Russo-Kazakhstan consular convention. In addition, people in the Russian embassy consider that the forced psychiatric evaluation is also inadmissible.

Last Monday it finally became known that Suprunyuk has been brought to the capital of the republic. In his own words, he was brought from Petropavlovsk several days earlier than the date given by the authorities. And while he was in Alma-Ata, only his lawyer was allowed to visit him.

On Wednesday the republic procurator's office was picketed by activists from the Alma-Ata "Russian Commune," the "Harmony" movement of Semirech'ye Cossacks, and social democrats. In their opinion, there is no corpus delicti in Boris Suprunyuk's actions, since he, as a journalist, had the complete right to express his opinion with regard to the local policy, so long as he did not go beyond the confines of the law.

However, one also hears hypotheses concerning a kind of behind-the-scenes agreement between the Moscow and Alma-Ata officials with regard to Suprunyuk. Otherwise it is extremely difficult to explain such an obvious ignoring by the Kazakhstan officials of the Russian reaction to the events. Boris Suprunyuk, with his aggressiveness in defending the interests of the Russian-speaking population of North Kazakhstan, has been troubling not only the local authorities for a long time. His actions also have been causing dissatisfaction on the part of Russian officials who deal with Central Asia, and who definitely do not always view the Russians in Kazakhstan as the object of their official concerns.

ECONOMIC AND SOCIAL AFFAIRS

Stock Market in Critical Situation, Lack of Proper Legislation Blamed

944E0802A Moscow NEZAVISIMAYA GAZETA
in Russian 5 May 94 p 4

[Article by Vladislav Kuzmichev: "Stock Exchange Operators: Small Investors Will Be Robbed; Chubays Will Fight on Two Fronts"]

[Text]

Privatization

Immediately after the discussion in parliament on the activity of Goskomimushchestvo [State Committee for Management of State Property], during which the deputies did not succeed in working out a common approach to privatization in its current form, representatives of Russian business circles condemned, in their turn, the activity of the GKI [State Property Committee] on the capital market.

At a news conference on 27 April, Director of the Union of Stock Exchanges Bykov, president of the RFB [Russian Stock Exchange] Suvorov, Cochairman of the Union of Stock Exchanges Deryabin, and President of the MTB [Moscow Commodities Exchange] Milyukov gave journalists a letter from the Union of Stock Exchanges to President of Russia Boris Yeltsin.

It talks, in particular, about the critical situation that has developed in the stock market, which "is threatening to grow into a full wave of scandals and exposures, as a result of which the Russian people will end up deceived and robbed.

"All of this is occurring first and foremost, because of a lack of legislation guaranteeing order in the stock market and protecting small investors. In addition, criminality is continuously growing in the stock market."

The Commission for Securities and Stock Exchanges and Goskomimushchestvo, which is behind it, are attempting to take the stock market into nonexchange operations and then into cash operations. This will make it possible, in the opinion of the president of the RFB, to work directly on the laundering of criminal money. Depriving the stock market of "clarity," reliability of information, and publicity will intensify the chaos that reigns in the market.

The union is calling for order to be brought to bear on the stock market, to protect the population from the stream of false advertising and "open deception by unscrupulous joint-stock companies, and also to create economic conditions for attracting investment in the economy."

As is known, not much time is left until the end of voucher privatization. Left without work, Goskomimushchestvo is attempting to establish a network of new,

so-called "self-regulating organizations," but under the control of the GKI so that, even at the end of voucher privatization it may take control of the stock market and, evidently, the investment market as well.

As the president of the MTB declared, a restoration of state forces has occurred, which it is now assumed will be directed at "curtailing private activity." The establishment of control, in Milyukov's opinion, also threatens the banking system as well.

He proposed the establishment of an opposition to the Central Bank of the Russian Federation, the Ministry of Finance, and Goskomimushchestvo, by uniting the efforts of dealers.

"It was not property that Goskomimushchestvo distributed, but title," said the MTB president. New stockholders have practically no influence on the old management. At many enterprises, despite privatization, the former leadership remains, and it is incapable of acting under the new conditions. The GKI is attempting to resolve the problem of the director corps not with economic principles but with regulation of their activities. Thus, a concealed transition back to the command-administrative system is being carried out.

In addition, the main error in the GKI's proposed formation of a securities market, in the opinion of attendees at the news conference, is its organization according to the regional principle. The most promising, as I.V. Suvorov declared, is the branch principle, inasmuch as enterprises have maintained mainly only horizontal ties.

"For the benefit of its own political aims, the GKI is ignoring the organized financial and intellectual potential of a structure that is already operating on the stock market." Nevertheless, it is exactly the stock exchanges, with their openness, that are the superior indicators of the reliability of one or another security.

"Despite the fact that one and a half years ago, in accordance with an edict of the president of the Russian Federation, a Commission on Securities and Stock Exchanges was established that was entrusted with the functions of regulating the stock market, this commission was practically idle for the entire period of its activity. The clause of the president's edict on including representatives of the stock exchanges on the staff of the commission has not been implemented to this day."

In connection with what was enumerated above, the Union of Stock Exchanges submitted a request to the president of the Russian Federation for a meeting, with the participation of representatives of the exchanges themselves, and also the Ministry of Finance, the Ministry of the Economy, and the Central Bank. The purpose of the meeting—to set forth a program of immediate actions that would facilitate the prevention of "the danger that is threatening to turn into serious social shocks, and to direct the activity of the Committee on

Securities and Stock Exchanges to the creation of favorable economic conditions for attracting investments in Russia's industry."

Henceforth, the GKI will fight on two fronts with yet another serious opponent who is characterized by a far clearer formulation of business interests and organizations than the deputies of the State Duma.

Former Aides See Recession Bottoming

PM1605125794 Moscow IZVESTIYA in Russian
14 May 94 p 1

[Irina Savvateyeva report: "Economists Promise Production Upturn, But in 1996"]

[Text] At the traditional Thursday briefing at the Working Center for Economic Reform, journalists met with two "retired members"—Professor Richard Layard of the London School of Economics, a former adviser to the Russian Government, and Andrey Illarionov, former leader of the Russian Federation premier's Analysis and Planning Group.

Richard Layard dwelt in detail on the problem of the decline in production. The professor claims that it is wrong to view the recession in industry—which in the first quarter of 1994 was 24.9 percent of the first quarter of 1993—in isolation from similar indicators in other spheres. Thus, construction volumes during this period fell by 24 percent; production volumes in agriculture fell by 5.5 percent; market services fell by 15 percent; and nonmarket services (services whose prices are state-regulated) fell by 4 percent.

In all, the national product in the first quarter of 1994 was 17 percent down on the first quarter of 1993. This means that consumption also fell by 17 percent on average.

Admittedly, the question arises of just how accurate these figures are. In general it has to be said that our country has never had access to reliable information that would allow us to calculate the volume of production accurately. In the era of general socialist competition it was advantageous to distort figures. Now, in the era of universal struggle against the tax inspectorate, it is advantageous, on the contrary, to play down output volumes. Moreover, the huge amount of all possible kinds of small producers—private plots and small-scale cottage and collective labor—are not officially registered at all. So we have to content ourselves with the figures we have.

Incidentally, Richard Layard and his colleagues attempted to get out of the situation as follows. In calculating GDP levels, they took account of Russian citizens' income indicators. Figures from the State Committee for Statistics were used. As were the results of a survey of cottage industries which this organization carried out using methodology recognized around the world.

Incidentally, research has shown that working people's real consumption in Russia increased by 21 percent from the first quarter of 1993 through the first quarter of 1994. Consumption by pensioners increased by 11 percent.

The overall 17-percent drop in consumption is due to the fact that spending on arms purchases and investment is considerably down. And although the London professor sees this trend as undoubtedly negative and a result of inflation, he sees the fall in arms spending as an indicator of the restructuring of the economy.

How long could the recession continue? Discussing this subject, Richard Layard cited the following figures. GDP in Russia has fallen by 50 percent since 1989. The comparable indicator in Poland and Hungary is around 20 percent. In Slovakia, Bulgaria, and Romania it is around 40 percent. Russia's isolation, in Mr. Layard's opinion, is due to the military-industrial complex' greater share of the economy and to the collapse of the USSR.

The likeliest extent of the further decline in GDP, in the professor's opinion, is another 10 percent. GDP growth usually comes through two to four years after reforms begin. But Russia, Mr. Layard believes, has already gone halfway and can expect its upturn in 1996. Provided, of course, that the authorities create certain economic prerequisites. Above all in the financial sphere—in the fight against inflation.

But Andrey Illarionov, who spoke next, noted that the achievements have so far been slight. In particular, Chernomyrdin's main adviser sharply criticized the budget discussed by the Duma. First, its revenue. In 1993 revenue came to 10.6 percent of GDP. In 1994 the Finance Ministry is planning for 17.1 percent—proving that growth is entirely possible, since the methods used to calculate revenue have changed.

But, Illarionov noted, average revenue levels have come to just 8.3 percent of GDP in the first three months of 1994. And the deficit is 9.2 percent. Yet the deficit in the first three months of 1992-1993 was either no more than 1 percent, or there was no deficit at all. And in some months there was even a surplus—budget indicators are traditionally good at the start of the year.

The expenditure side is also bad, in Illarionov's opinion. According to the budget, expenditure over the year should be 27 percent of GDP. But expenditure is already nudging 17 percent after the first three months.

Andrey Illarionov insists that the government has not made a single reformist decision in the first three months of the year.

At the same time, Illarionov noted, many other decisions have been made. And, alongside such well-known decisions as the conclusion of the agreement with Belorussia [Belarus] and the introduction of import tariffs and a state monopoly on the production and sale of alcoholic

drinks, there was the little-known Russian Federation Government directive of 28 February 1994 on the presentation to the U.S. and Spanish peoples of two statues to mark the anniversary of the discovery of America—the “Birth of the New World” and the “Birth of the New Man.”

Admittedly the works of art will be produced on site, and therefore the Russian Government is so far only presenting the aforesaid peoples with construction materials. But what a lot of materials! Some 60 carloads of cement, 80 carloads of fittings, 66 carloads of steel, 11 carloads of glass, and 170 carloads of copper (or 10 percent of Russia's entire copper exports in 1993) will be exported duty-free.

These large amounts of construction materials are intended for the creation of just one sculpture.

Commission on Commodities Exchanges Urges Tax Cuts

944E0799A Moscow *SEGODNYA* in Russian 30 Apr 94 p 3

[Article by Mikhail Lantsman under the rubric “Wholesalers”: “Exchanges Attempt To Eliminate Departmental Diktat: Commission on Commodity Exchanges Intends To Lobby for Lower Taxes”]

[Text] On Thursday 28 April the first meeting of the Commission on Commodity Exchanges (KTB) was held at the Russian State Committee for Antimonopoly Policy and Support for New Economic Structures. The commission considered the procuracy's submissions on instances of violation of commodity exchange legislation and discussed the question of exchanges' participation in forming the charter capital of commercial banks. However, the significance of the event lies not in the agenda of its first meeting but in the very fact of the commencement of functioning of a body that will to a great extent set the rules of the game at the commodity and financial markets of Russia.

The KTB was created in keeping with the Law “On Exchanges and Exchange Activities” adopted by the former Supreme Soviet in 1992. The two-year delay is quite explainable, considering the structure of the KTB and its powers. The list of powers with respect to organization and control of exchange activities delegated to the KTB by Russian Federation Government Decree No. 152 includes issuance and annulment of licenses for organizing exchange trading; appointment of state commissioners to commodity exchanges; control over accounting documentation; and referral of materials to law enforcement organs. In composition the KTB is a mixed state-public body. In keeping with approved quotas, it includes 10 ministerial functionaries from the Ministry of the Economy, MVES [Ministry of Foreign Economic Relations], Ministry of Fuel and Energy, Ministry of Agriculture, and State Committee on Metallurgy; five delegates each from exchange and brokerage unions; and 10 independent experts. According to KTB Deputy

Chairman Andrey Kashevarov, this form creates a real opportunity for a conflict-free transition from departmental administration of markets. In his opinion, the state-public composition of control bodies will make the practice of licensing more democratic and legalize the decisionmaking mechanism. At this point, however, by Mr. Kashevarov's admission, the departmental power of agencies operating on the commodity exchanges still considerably exceeds the KTB's real abilities.

According to the Russian Federation State Committee on Statistics, 177 exchanges and 35,468 brokerage offices were operating in Russia at the end of 1993. After the boom in exchange trading in 1991 and a sharp decline in 1992-1993, the situation has now stabilized. The remaining exchanges have shifted toward trading in classic exchange commodities—oil and petroleum products, metal, and agricultural commodities. Against the background of a considerable decline in total exchange turnover, specialists note a sharp rise in foreign currency futures deals. In the total turnover of 2 trillion rubles [R] in exchange trades registered in 1993, futures accounted for R13 billion. This year the ratio of deals on commodity and financial markets approached 1:4, which corresponds to world standards. In the opinion of Andrey Kovalev, head of science at the Institute for Organized Market Research, 1994 will produce a peak in activities related to foreign currency futures deals at exchanges. With the relative stabilization of the ruble exchange rate and the high risk involved in operations with securities, foreign currency futures, in Mr. Kovalev's opinion, are becoming the most attractive segment of exchange trading.

Nevertheless, the KTB is ready to increase its activities in organizing futures trading in agricultural products, first and foremost grain. In June 1994 an international conference on problems of the development of grain futures trading in Russia will open in St. Petersburg under the aegis of the KTB.

In order to stimulate exchange activities, the KTB, according to its chairman Yuriy Danilov, will lobby for a reduction in tax rates for enterprises selling their output through commodity exchanges.

Entrepreneurs, Businessmen Protest Against Taxation System

944E0809A Moscow *NEZAVISIMAYA GAZETA* in Russian 30 Apr 94 p 6

[Article by Sergey Dyshev: “A War Against Taxes Is Going on”]

[Text] An extraordinary event and, probably, not even on an oblast scale occurred in nice provincial Vologda. However, the information on it in newspapers was very scant and contradictory.

At 11:30 on 11 April a large group of people, which represented the popular movement in Vologda and the city's entrepreneurial circles, gathered near the building

of the Oblast Tax Inspectorate and the Administration of the Russian Federation Tax Police Department in Vologda Oblast. Mikhail Surov, deputy of the Oblast Legislative Assembly, headed this gathering. He was the initiator of the preparation of a petition on a change in federal tax laws and decrees of the oblast administration on local taxation. With this document those gathered resolutely headed for the building.

The most interesting thing began then and there. The part of the building that belonged to the tax inspectorate and to the police was under guard. The ordinary passage regime existed there, about which two workers warned those that burst into it. They proposed that the petition be handed over to the authorized person.

Next we will refer to the testimony of Lt. Col. Militia Vladimir Aleynikov, chief of the Division for the Protection of Public Order of the Administration of Internal Affairs in the City of Vologda: "When they approached the building, the doors were open. No chain of guards blocked the road on the steps, as some newspapers wrote. I was the last to enter the building. People began to push one another, women looked out of offices, some shouted, and hands were already 'flying' in front. I rushed there, shouting: 'What are you doing? Be human!' I confronted Surov's group. Only three people from the police in uniforms remained behind me..." The gathering and the subsequent "assault" were filmed by six(!) videocameras: [by the videocamera of] an expert from the Administration of Internal Affairs, [by the videocamera of] a worker at the Administration of the Tax Police Department, and by four cameras of entrepreneurs. Later this entire, not very appealing, action was shown on local television and in Mr. Surov's explanation was understood as a fight for the happiness and well-being of simple folk.

Naturally, the author of these lines also became acquainted with the video newsreel and met with officers at the Administration of the Tax Police Department. Lt. Oleg B. said that, together with Capt. Valeriy P., he tried to accompany the delegation and to clarify whether there was a permit for videofilming. However, Mr. Surov with his assistants roughly pushed them away and a crowd surged behind them. Other workers were also subjected to beating and physical pressure. Two beat up Capt. Oleg I. from the Physical Protection Division (which is seen well from the recording), after which he was taken to the hospital with a brain concussion.

The crowd of 50 people kept the building under siege for about 1 hour. Surov, like a true military leader, summoned in an emphatic manner "support groups" over the radio-telephone and the execution of orders was reported to him. Police workers were shamelessly and impudently pressured and threatened and unprintable obscene language was hurled at them. Here are only some retorts recorded by me during the viewing of the film. Vladimir Kirillov: "We will identify all of you at

home! All of you are photographed. If you want to live in peace... (illegible)." Surov: "Enough of eating and drinking with our money!"

In the end with militia support a semblance of common language was found with the overexcited "delegates." Five of them headed by Surov were permitted to pass for a meeting with Vladimir Zolotov, chief of the Administration of the Tax Police Department in Vologda Oblast. A press-conference for the city's entrepreneurs was held on the same day. This time there were no skirmishes.

On 12 April in connection with the breach of public order the City Administration of Internal Affairs instituted criminal proceedings on the basis of Article 206, Part II, of the Russian Federation Criminal Code—malicious hooliganism (provides for imprisonment for a period of 1 to 5 years).

Now something about the personality of the organizer himself. Mikhail Surov is one of the city's richest entrepreneurs. His firm, Provintsial, has stores, a canning line, a hotel, and a tourist complex, as well as many other things. Together with his associates he declared war on the "Caucasians" in Vologda and, in practice, was able to drive them out. During popular open-air festivals Mikhail Vasilyevich on a true merchant's scale treats people to free drinks and candy. Having become a state figure, a member of the Oblast Legislative Assembly, Mr. Surov ever more frequently speaks about the revival of Russia and of the city. According to him, the road to this lies in an uncompromising fight against tax structures.

The sociopolitical and humanitarian activity of Surov and of the political council of the popular movement in Vologda is only the visible part of the iceberg. The invisible part, with its entire mass, represents only banal mercenary interests, naturally, "in preservation and increase." In 1992-1993 Mikhail Surov was forced to pay taxes of several million rubles. He tried to enter into "friendly" relations with representatives of tax bodies, but nothing came of this. Quite recently he had to pay an even bigger sum. Surov sent to the tax inspectorate in Vologodskiy Rayon a petition to have the added-value tax on export deliveries of cranberries and hides returned to him. An additional check was needed. Some documents evoked doubts: Accounting at the enterprise was quite entangled. And then followed the well-known action by the city's merchants. By the way, it is not the first in Vologda's history. A similar action occurred on 12 August 1993. Participants picketed the building of the City State Tax Inspectorate, carried posters with insulting texts, and burned documents of the tax inspectorate. Entrepreneurs with a criminal past were among the initiators. Incidentally, Surov himself was convicted twice. In all, he spent 7 years in a hard labor colony.

Tax services in Vologda are under severe pressure. Every opportunity is utilized to discredit Veniyamin Alekseyev, chief of the Oblast State Tax Inspectorate. Over a period of 2 years, not without the influence of certain forces, the oblast administration raised the question of

dismissing him, although there were no grounds for this. Commercial structures tried to involve Alekseyev's son in the performance of illegal transactions. Knocked out windows in the office and notes with threats on the door have already become the norm. Local merchants promised to publicly burn the effigy of the chief of the tax inspectorate.

In March 1994 during a check of the Provintsial Enterprise Mikhail Surov tried to detain Lieutenant Stepanov, a tax police worker, justifying this by the fact that his identification card was forged. After 10 minutes an operational physical protection group arrived at the office and, thus, the provocation was stopped.

It seems that present tax legislation suits no one: neither the state, owing to its low efficiency; nor the taxpayer, owing to its confusion and the large tax percentage; finally, nor tax bodies, owing to criminal "production costs."

Gennadiy Khripel, chairman of the Legislative Assembly in Vologda Oblast, also believes that the demands of local taxpayers are quite reasonable, although most of them are sent to the wrong address. It is not for local tax bodies to change the laws! And so, was the "deputation" guided by a simple soul and ignorance? Alas, the action had quite a clear and tough goal: To intimidate inspectors and the tax police and to dictate its terms and, naturally, the amount of the suitable tax. In the city many realize this perfectly well.

However, Vologda businessmen (naturally, not all) are not alone in their "holy hatred." More than 100 cases of violent and other wrongful acts against tax bodies, employees, and their family members were recorded throughout Russia in 1993 alone. They include nine cases of arson, explosions, and firing at premises of the State Tax Inspectorate; 15 cases of arson, firing, and explosions at employees' private property; nine bodily injuries were inflicted; 32 threats of physical reprisal and insults were made; two cases of compromise; four cases of the use of arms. Arson at buildings of the State Tax Inspectorate was carried out in cities of Monchegorsk, Ob. Iskitim, Sarapul, and Murom. An attempt to set fire to the private home of the chief of the Rayon State Tax Inspectorate in the City of Iskitim was foiled. A home-made explosive device exploded under the gasoline tank of the official car belonging to the deputy chief of the State Tax Inspectorate in Kurgan Oblast. In Pskov Oblast alone the number of such wrongful acts doubled as compared with 1992.

I left Vologda and at parting the lads in camouflage uniforms said: "If similar things are repeated, we will act

in a tougher and more decisive manner, including the use of arms, as the Law on Tax Police specifies."

Chubays on Measures for Check Privatization in Regions

944E0790A Moscow KOMMERSANT-DAILY
in Russian 23 Apr 94 p 3

[Article by Yelena Kotelnikova: "Chubays Will Punish Those Who Have Dodged Privatization"]

[Text] The reversal beginning 1 July of the course of the privatization policy of the State Committee on the Administration of State Property to the side of the "effective owner" (previously "the mass stratum of owners" was priority) will be made difficult if the State Committee on the Administration of State Property will not be able to guarantee all the checks shares of state enterprises. The participants in a two-day meeting of the leaders of regional privatization organs, organized by the State Committee on the Administrations of State Property together with the Federal Property Fund, which concluded yesterday in Moscow, have come to such a conclusion. It is obvious that the fears of the ideologists of privatization relative to the prospects of their activity have been aroused by the fact that until now the strategy of denationalization was determined exclusively by the political situation.

Vice-Premier Anatoliy Chubays considers fulfillment of the task of completing voucher privatization before 1 July 1994 "a question of the life and death" of his department and its regional structures. At the meeting of the leaders of privatization organs he stated that all checks which will "surface" after the completion of voucher privatization "will be aimed point-blank at us." These fears are not unfounded. According to the data of the Fund's chairman, Vladimir Sokolov, some 48 million more checks "are making their way through the hands;" moreover, "about 5 percent of them are in secondary circulation." That is why the work of the privatization organs will be directed in the immediate future to a sharp increase in the scale of the exchange of vouchers for the shares of privatized enterprises as well as to identifying secondary circulation checks. Otherwise the ideologists of voucher privatization will be rather vulnerable not only "from the right" (on the part of the opponents of "handing out state property dirt-cheap," specifically the mayor of Moscow Yuriy Luzhkov and the leader of the YABloc Grigoriy Yavlinskiy) and also "from the left" (on the part of the advocates of "collective ownership," specifically the communists), since the social meaning of "people's privatization" will appear to be under question.

In Chubays' opinion, one of the basic as yet unutilized reserves in the work of the privatization organs is "the information-advertising-propaganda component." The vice-premier intends to rectify this omission by personal example in the very near future. Within the framework of the "100 days until the end of check privatization" campaign initiated by the State Committee on the Administration of State Property, he will address the inhabitants of the regions through local television channels and personally explain to them the advantages of exchanging the checks for the shares of privatized enterprises.

This also will permit Chubays to "make a low-level test-run" of the basic provisions of the draft of the new state privatization program, which is directed to the redistribution of capital (including privatized) in favor of the "rational owner" (the expression of vice-premier Aleksandr Shokin) and to enlist "popular support" for subsequent activity. Success would give Chubays additional trump cards in the struggle to retain complete control over post-check privatization. For now the final results of check privatization are unclear. The prospects for retaining Chubays' department are governed only by the intellectual potential of the State Committee on the Administration of State Property which has outstripped other departments in developing a new concept of denationalization. One has to also take into consideration the policy of the "big seven," which stimulates the pro-reformer attitudes of Premier Viktor Chernomyrdin. It is obvious that after the endowment of the head of the Ministry of Economics, Aleksandr Shokin, with powers regarding coordination of the ideology of the reforms as well as of negotiations with the West regarding questions not only of indebtedness but also of loans and investments, not one of the trump cards will be superfluous for Chubays. Especially as last week parliamentarians already advanced the idea of transferring the Federal Property Fund from under the control of the State Committee on the Administration of State Property to the Ministry of Economics.

In this situation the State Committee on the Administration of State Property has basically changed its tactics and intends to conduct post-check privatization to fit the special features of the regions and the departments. However, in the State Committee on the Administration of State Property they will be unbending with respect to those enterprises which "dodge" compulsory privatization. In this case the enterprise will be deprived of all the advantages not only of check (privileges for the labor collectives) but also of post-check privatization support (the direction of the funds gained from the sale of state property to an enterprise's disposal).

Potential Opportunities for Attracting Investments in Privatized Enterprises (based on the data of the marketing advisory group under the State Committee on the Administration of State Property)



Key:—1. Investment Demand up to 31 Dec 94-3.8 trill. rubles (with tax abatements it can grow to R6.3 trill.)—2. Labor Collectives of Privatized Enterprises-2.9%—3. Deposits of the Population-23%—4. Administration of Privatized Enterprises-0.1%—5. Legal Entities (incl. foreign)-74%—6. Conditions on Which Russian Banks are Ready to Invest—7. For a Large Investor-17.6%—8. For an Enterprise Administration-17%—9. For a Labor Collective and Small Investors-45.4%—10. For the Bank-20%—11. Conditions on Which Foreign Firms are Ready to Invest—12. For an Enterprise Administration-7%—13. For a Labor Collective-7%—14. For a Foreign Firm-23%—15. For Small Investors-29%—16. For Other Large Investors-34%

Moscow Authorities To Curb Unorganized Street Trade

944E0805A Moscow KOMMERSANT-DAILY
in Russian 30 Apr 94 p 3

[Article by Viktor Ivanov: "Mayor's Office Removes Traders From the Streets"]

[Text] Order is being brought to Moscow street trading.

The Moscow authorities have decided to put a complete stop to any unorganized street trading, to limit the activity of commercial kiosks, and to concentrate all trade at flea markets. This is the essence of the city government decree "On Additional Measures To Regulate Free (Street) Trading and Organize Flea Markets in Moscow" which was issued yesterday for official distribution.

The decisiveness of the Moscow Government in its struggle against street trading is easy to explain. As Moscow officials have been constantly emphasizing, unorganized trade brings practically no revenue into the budget of Moscow, while seriously hurting the city's image. It goes without saying that a certain competitiveness between the leaders of Moscow and St. Petersburg also played a part here: Comparatively recently, Anatoliy Sobchak issued orders "On Regulating Small-Scale Street Trading" (KOMMERSANT wrote about this this month) which contained draconian measures on limiting street trading. Thus, one can observe a certain shift in tendency in the economic policies of the mayor's offices of the two major cities: Previously the authorities tried to illustrate their market economy orientation by encouraging free trade in the streets, but now they are trying to strengthen administrative control over all, even the most insignificant, traders and to remove them from the streets altogether, if possible.

According to the new decree of the Moscow Government, any unorganized sales done by hand, from stands, carts, or cars have to be discontinued. Moreover, the authorities intend to cut down considerably on the number of commercial kiosks and stalls and to suspend their right to trade in manufactured goods and foodstuffs. They will only be allowed to sell soft drinks, cigarettes, fruits, souvenirs, flowers, and newspapers (in other words, the same goods they used to sell in Soviet times).

The document emphasizes once again an idea that has in a way become traditional for the Moscow authorities: Concentration of all trading at large wholesale and flea markets around Moscow, as well as at small flea markets in all municipal districts. The administrative district prefects are requested to improve the performance of the 70 already functioning municipal markets in Moscow.

The decree demands that the GUV D [Main Administration of Internal Affairs] improve the efficiency of the militia's work at markets and periodically replace assigned militiamen. At the same time, the government sets the task of opening eight new flea markets in 1994. It may be interesting to mention that, for the first time in the practice of the Moscow authorities, the decree sets specific provisional rules for organizing flea market trading: According to the document, admission to the market should be free of charge and retail stands are to be provided for a fee to all citizens without exception.

In order to stimulate the emergence of flea markets, the decree provides for the extension of lease terms for plots of land utilized for organized sales. Besides, it plans to use the plots that were previously earmarked for building storage facilities to set up wholesale markets. Finally, it was also decided to open additional bus routes to bring traders to the markets at special commercial rates.

[begin box]

From the Provisional Rules on Organizing Moscow Flea Market Trading

- the work of a market will be directed by its management, which will determine and levy the fees
- retail stands will be provided to any citizen who has paid the fee. The payee will receive a cash receipt which has to be shown to the inspector
- admission to the flea market should be free for shoppers
- any flea market has to have a paved trade area surrounded by a special fence
- the following items are prohibited for sale at flea markets: weapons, military purpose commodities, precious metals, animals and plants, goods for children, foreign currency, and securities. [end box]

Corruption, Money-Laundering on Rise in Banking System

944E0801A Moscow EKONOMIKA I ZHIZN
in Russian No 18, May 94 p 14

[Unattributed article: "Where and How 'Dirty' Money Is Laundered"]

[Text]

- One-third of the currency sold last year in the Moscow Currency Exchange was acquired with funds stolen beforehand in false remittances.
- The damage from crimes in the field of banking is far worse than the overall damage from all other crimes involving money.

- More than half the banks in Moscow are not making use of the appropriate means to provide for their own security.
- Russia is becoming an international center for money laundering.

Crime in the banking system is continuing to get worse. Some indicators of the activity of subunits in the struggle against economic crimes, which I will cite below, attest to this.

While internal affairs organs exposed 617 crimes associated with the theft of money by misappropriation or abuse of one's official position and 76 cases of bribery in 1992, they recorded 4,258 crimes, including 2,076 cases of theft—1,337 of which were theft on a large or very large scale—and 164 cases of bribery in 1993.

As shown by experience in exposing cases of bribery in the banking system, apart from consultation and technical assistance, the role of banking employees who took bribes most often involved the acceptance of fictitious payment documents.

Criminal associations which have penetrated the banking and entrepreneurial business have skillfully taken advantage of the banking system's failure to adapt to the conditions of a market economy and the inadequacy of interbank settlements, putting hundreds of billions of rubles into circulation with fictitious payment documents in the 1991-1993 period.

In 1993 alone, about 70 operations investigation groups came to the main administration from various regions in Russia to work on criminal cases involving use of the banking system for the theft of money. We have analyzed and singled out a number of factors which make it possible to carry out the shady transactions on such a large scale.

One of the most important factors is the poor supervision of commercial banks by the NTsB [National Central Bureau [of Russian Interpol]]. Evidence has been acquired in specific criminal cases that in a number of instances, the persons who organized the actions to enter funds with fraudulent documents were bank employees, and sometimes even the managers of those banks which were experiencing a "credit shortfall" and had a huge debit balance.

A special role in the financial machinations belonged and continues to belong to the numerous structures in the market economy established by and registered to fictitious individuals, utilizing fictitious documents. In most cases, substantial amounts of money have been stolen and "laundered" under the cover of fictitious enterprises.

The GUEP [Main Administration to Combat Economic Crime], in interaction with the GUVB [Internal Affairs Main Administration] of the city of Moscow, has exposed a criminal group of 25 persons which opened more than 30 current accounts for more than 3 billion rubles in Moscow commercial banks, using fictitious registration documents and false passports. It turned out that the funds in enterprises' current accounts were used primarily to obtain foreign exchange.

According to our information, no less than one-third of the 2.63 billion U.S. dollars sold in the Moscow Currency Exchange in 1992 and the first quarter of last year were acquired with funds stolen beforehand in false remittances. Later the criminals concluded contracts with foreign firms for the delivery of commodities which did not come to Russia, as a rule. This is how currency is being drained to other countries. The plan is very simple, but there is no mechanism to provide a reliable deterrent to deliberate criminals or laws which provide for specific physical persons to be held responsible.

Analysis of available materials on foreign economic activity shows that numerous organizations and enterprises which make advance payments to pay for imports are not submitting documents in the established procedure to authorized banks to confirm that commodities are entering Russian territory. Many of them say the reason for nondelivery of goods is the unfairness of the importers, but according to our information, these foreign economic transactions are often fictitious in nature.

The Law "On Currency Regulation and Currency Control in the Russian Federation" stipulates the responsibility for conducting currency operations in violation of the established procedure and for failure to submit the appropriate documents to currency control organs. But in our view, the criminal laws in force should also stipulate the responsibility for concealing currency income received from foreign economic activity or understating its amount and failing to observe the established requirements for it to be legally brought into and taken out of the country.

Table 1. Information on Economic Crimes Committed in the Field of Banking

	Total Number of Crimes at Beginning of Year	Large-Scale Crimes	Especially Large-Scale Crimes	Economic Crimes	Property Thefts	Including Large and Especially Large Thefts	Embezzlements and Abuses of Official Position	Larceny	Fraud	Misfeasance	Including Cases of Bribery	Crimes Associated With Privatization
Overall banking system	4,586	68	1,400	13	2,076	1,337	755	69	1,252	393	164	112
The Savings Bank	804	13	214	—	345	204	162	10	173	155	58	52
The Russian Central Bank system and other commercial banks	3,782	55	1,186	13	1,731	1,133	593	59	1,079	238	106	60

Table 2. Information on Persons Who Committed Crimes in the Field of Banking

	Number of Persons Exposed	Number Against Whom Criminal Proceedings Instituted	Number Who Committed Crimes in a Group	Enterprise Managers	Subunit Managers	Financial and Accounting Employees	State Employees	Financially Responsible Persons	Owners and Co-Owners	Private Entrepreneurs
Overall banking system	335	154	79	29	23	97	20	45	20	8
The Savings Bank	140	58	41	5	7	50	5	24	3	1
The Russian Central Bank system and other commercial banks	195	96	38	24	16	47	15	21	17	7

Railway Economic Program Highlighted

944E0803A Moscow ZHELEZNODOROZHNIY
TRANSPORT in Russian No 1, Jan 94 pp 2-4

[Article: "A Program To Strengthen the Railroad Transport Economy: At the RF MPS Collegium"]

[Text] An expanded session of the Russian Federation Ministry of Railways [RF MPS] Collegium was held on 22-23 December, at which there was a discussion of the problems, of strategic importance for the sector, of further development of reforms and of strengthening the railroad transport economy in 1994-1995. Taking part in the work of the Collegium were O.N. Soskovets, first deputy Chairman of the Council of Ministers-Russian Federation Government, V.B. Yefimov, Russian Federation minister of Transport, S.K. Shoygu, chairman of the Russian Federation State Committee on Civil Defense Affairs, Emergency Situations and Clearing Up the Consequences of Natural Calamities, B.N. Burachenko, chief of the Department of Transport, Communication and Social Infrastructure of the RF Council, corporation presidents V.A. Brezhnev of Transstroy and

V.M. Nalivayko of Transmash, a number of other representatives of the government, joint-stock and commercial structures involved in railroad transport work, and also members of the RF MPS Collegium, chiefs of RF MPS roads, administrations and departments, authorized representatives of the RF MPS in the Czech Republic and Slovakia, Poland and Finland, directors of a number of the sector's railroad divisions, enterprises, associations, scientific-research institutes and higher learning institutions, and representatives of the road committees of the trade union for all the railroads. I.A. Shinkevich, L.B. Titova, V.S. Myshenkov and Yu.A. Sokhin, from the Central Committee of the Independent Trade Union of Railroad Workers and Transport Construction Workers, were in attendance.

G.M. Fadeyev, RF minister of Railways, chaired the Collegium meeting and gave a report.

O.N. Soskovets, first deputy Chairman of the Council of Ministers-Russian Federation Government spoke at the meeting.

It was noted in the main report and the reports of the speakers that putting into practice the Program To Ensure the Stable Work and Economic Stability of Railroad Transport in 1993, drawn up at the expanded MPS Collegium in December 1992, mobilizing intra-sectorial reserves and state support made it possible for the sector in general to achieve the priority tasks of providing for the transport needs of the country's people and economy. Unified technological and administrative relations with the railroads of the CIS and Baltic countries were retained.

In 1993, passenger turnover was 273 billion passenger-km, i.e., 7.8 percent higher than the level of the past year, and 1,346 million tonnes of freight were shipped (30.7 million tonnes over the plan). The level of fulfilling the train traffic schedule and the static load per railcar rose, other indicators of rolling stock use were improved, and the operations contingent of workers was reduced. The program for protection of the social and economic interests of the railroad workers was successfully put into effect. The Sectorial Tariff Agreement between the Russian Federation Government, the Ministry of Railways and the Independent Trade Union of Railroad Workers and Transport Construction Workers was on the whole fulfilled. The profit for the railroad transport enterprises for 1993 was about 1.3 trillion rubles [R].

At the same time, this year the sector constantly found itself in a difficult financial position, primarily because of the insolvency of the consignors, which often interfered with prompt payment of wages and made it impossible to renovate rolling stock properly or completely satisfy the demands for repair of technical devices. By the end of 1993, the consignors and consignees owed over R1 trillion for the transport performed.

A number of railroads made by no means full use of internal reserves, often maintained an excessively inflated operations staff and fleet of tractive rolling stock and railcars for the transport volume being fulfilled, and did not show the proper persistence with respect to a policy of fuel-energy resource conservation. Quite a few miscalculations were made in vocational training and placement of personnel, and also in reinforcing technological and executive discipline, which in some cases led to gross violation of traffic safety rules, accidents and wrecks. Most of the railroads failed to take exhaustive measures to recover debts from consignors and consignees for transport fulfilled, which put the sector in a very difficult financial position.

The collegium devoted its main attention to discussing the financial-economic situation in the sector. The report by the RF MPS minister and virtually all the speeches of those taking part in the conference touched on these problems to a greater or lesser extent. As a result, the Program of Action of the MPS, Railroads and Other Railroad Transport Enterprises To Develop Reforms and Strengthen the Sector's Financial-Economic Situation in 1994-1995 was drawn up and approved. It was proposed that all production collectives

expand organizational work to carry it out, considering the milestones and indicators outlined in it to be the minimum necessary to strengthen the economy of the railroads of Russia and other enterprises of the sector.

The Collegium resolved that preparation be made and the stage-type transition to a contractual form of interrelations with the customers be completed in the first six months of 1994. In accordance with an edict of the President of the Russian Federation, when concluding contracts, fixed payment periods for transport are to be established, a flexible tariff policy, based on economic expediency under specific conditions is to be followed, tariffs are to be differentiated according to the type of freight, and the appropriate rebates are to be offered. Naturally, if the payment deadlines are violated, the consignors will be deprived of rebates and other benefits, applying to the full the economic responsibility measure established by the corresponding decree of the Council of Ministers-Russian Federation Government.

Methodological instructions on the procedure for calculating the economic expediency of using a flexible tariff policy for each transport operation under specific conditions (business plan) are slated to be worked out and sent to the railroads before 1 February 1994. In the 1st quarter of 1994, additions to the appropriate articles of the Railroad Charter, pertaining to the introduction of the contract form of interrelations between the railroad workers and consignors and consignees, are to be submitted to the Council of Ministers-Russian Federation Government for approval.

The competitiveness of railroad transport is to be increased on the basis of carrying out flexible tariff regulation for international transport and raising the throughput and processing capacities of the border stations and the quality of information and dispatch services. At the same time, freight should be accepted for international transport service only on condition of pre-payment of the impending transport services.

The Collegium devoted particular attention to debit indebtedness. As we know, this is one of the main reasons for the tension arising in the sector's financial situation. To reduce it, in January-February 1994, special subdivisions will be created at the RF MPS, railroads and divisions, which will deal with offsetting mutual debts between railroad transport enterprises, as well as those of the enterprises of other sectors of industry. In this case they will first start clearing off the debts of the MPS enterprises for fuel-energy resources. In addition, in the 1st quarter of 1994, other structures are to be created at the MPS and on the railroads to implement clearing accounts for the debts of customers, including through obtaining their products with subsequent sale on domestic and foreign markets and using promissory notes in clearing accounts with freight owners.

At the same time, the railroads are permitted to increase the established limit of advance financing, if the assignments for the transit railroads and the MPS to transfer funds are fulfilled. A procedure will be worked out in the near future for settlements with the railroads for sums exceeding their advance financing limit.

In order to ensure the comprehensive development of railroad transport as a unified production system, the Collegium accepted the proposals of the railroads, plants and other enterprises and organizations of the sector to form the following centralized funds and reserves in the RF Ministry of Railways to finance general sectorial expenditures:

- a railroad transport investment fund to acquire specific types of rolling stock and finance a number of construction projects and facilities of general sectorial importance, needed to support and develop the sector's material-technical base;
- a fund to support railroad transport educational institutions, in the amount of 0.3 percent of the revenues;
- a fund to support central public health institutions for the sector, in the amount of 0.2 percent of the revenues;
- a financial reserve for the RF MPS, in the amount of 1.5 percent of the balance profit;
- a fund to finance NIOKR [scientific-research and experimental-design work] of a general sectorial nature, in the amount of 1.5 percent of the revenues.

In the 1st quarter of 1994, the level of the norm for withholdings for the RF MPS investment fund will be submitted to the RF Ministry of the Economy and RF Ministry of Finance for approval. In addition, the Statute on Education and Use of the Fund for Support of Public Health Institutions of the RF MPS is to be updated and submitted for approval.

In 1994-1995, a unified all-network automatic accounting and statistical information transmission system must be set up. This will require revision of the list and volume of sectorial statistical reporting, and rescinding of obsolete indicators.

The time has come to form a unified banking system for the sector. Today, along with powerful, viable financial institutions, small-scale institutions, capable of serving, for example, the needs of only one depot, are often set up at transport enterprises. Determining the main directions for the development of the banking system, drawing freight owners into the service of this system, and also attracting the savings of railroad transport workers and the people are, therefore, very urgent tasks. The organization of bank branches on railroad divisions is to be completed in the first half of 1994.

Ensuring a further rise in the level of passenger transport organization is one of the priority tasks of railroad transport. Under the conditions of the unprecedented

rise in prices for air, sea, river and motor vehicle travel, the railroads often become the only affordable means of transport for the population. Because of this, railroad workers should devote priority attention to the problems of satisfying the people's demand for passenger, freight and baggage transport, improving the standards of service to passengers at terminals and on the trains and keeping to the schedule of passenger train runs. We must nevertheless also remember the factor of economy in this transport. For 1994-1995, therefore, differentiated indexing of tariffs is specified for long-distance passenger transport, based on the category of trains and railcars. This indexing is called upon to ensure that, in 1995, transport shows no loss, and after that, shows a profit. Similar measures are outlined in suburban traffic, by agreement with local bodies. In this connection, it is recommended that the chiefs of railroads and divisions continually work with local organs of authority and freight owners to regulate local taxation, establish tariffs for electric power and allocate funds to finance suburban transport and acquire rolling stock, build railroad facilities, and provide for other needs.

It was also proposed that, on a monthly schedule in 1994, the need for routine and capital repair of technical devices, based on the transport work actually performed, be precisely defined. After this, in accordance with the normative requirements, the allocation of the necessary resources is to be specified in the plans, and no demands for maintaining technical devices for transport may be put off. It is time for the roads to examine the organization of material-technical support for line enterprises and to take measures to reinstate supervisory monitoring of the supply of materials and spare parts.

The Collegium adopted a resolution to improve the plan for scientific-research and experimental-design work in 1994, drawn up by the RF MPS and approved by the railroads. Guided by the Strategy for Scientific-Technical Policy Under the New Conditions of Railroad Transport Work, adopted at the expanded session of the Presidium of the NTS [Scientific-Technical Council] of the RF MPS, it recommended that, when necessary, creative scientific-production groups of specialists be formed to draw up priority proposals ensuring the development of reforms in railroad transport.

In the 1st quarter of 1994, proposals will be prepared concerning the idea of improving the system of tariffs for freight and passenger railroad transport under market conditions, which outlines specification of the form of addressed state support of railroad transport enterprises and the sectors served by them, and also the necessary volume of investments from the republic budget in the development of railroad transport, which should be taken into consideration in determining the tariff level.

Because of the reduction in the network's work volume in certain railroad regions, a disproportion has formed between the rolling stock fleets required for operational needs and the surplus fleets. To bring them into line, it has been specified that the surplus fleet of railcars and

locomotives be taken out of operation, by removing from the inventory, in 1994, 50,000 railcars which have worked out their service life; that the railcars on the roads and at industrial enterprises of the sector be divided up; that spare parts, after reconditioning, be sent to supplement the working technological reserve, and wheelpairs with rolling axle-boxes be used to replace wheelpairs with plain-bearing axle boxes. It was decided to transfer, during 1994, 100,000 railcars to the long-term MPS reserve, carrying out their appropriate preparation and mothballing, and determining the storage sites which should be equipped with lighting, fire-fighting devices and other measures to be fulfilled for the purpose of ensuring the safeguarding of this rolling stock. Here it was established that in distributing among the roads the expenditures for depot and capital repair and updating the freight cars, their depreciation, and also payment for exceeding the quota of the railcar fleet indicated as a reserve, not be taken into account. At the same time, changes must be introduced into the system of statistical accounting and reporting for the freight car fleet. Some of the locomotives will also be transferred to the MPS reserve, with ensurance of their mothballing and placement at reserve bases or station and siding tracks specially equipped for this purpose. Each road should establish a maximum norm for maintaining locomotives in the reserve of the road administration to cover the daily fluctuations of transport work, but not over 10 percent.

Guided by the Basic Directions for Work on Fuel and Power Conservation in Railroad Transport Under the Conditions of Liberalization of Prices for Energy Carriers, adopted by the Presidium of the NTS MPS, it was designated that specific details be given for the work of the fuel-energy commissions for line enterprises of the divisions and roads, directing their efforts primarily toward expanding the list of specific norms per unit of work or output and increasing accounting and monitoring of the use of energy resources. It was decided to boost the introduction of resource and energy saving technology, reconditioning and reinforcing of parts for repeated use, mechanization of work places, non-dismantling diagnostics, and a reduction in the wearing out of rails and wheel flanges in 1994 on the Far Eastern, Transbaykal, October and Krasnoyarsk railroads, in 1995—on the Sverdlovsk, Gorkiy and Southeastern railroads, and in 1996—on the rest of the country's mainlines.

Safety is a very important problem in transport. To improve the state of traffic safety, particularly that of passenger trains, the following are to be ensured in 1994:

- studying and introducing, beginning in the second half of 1994, new rules for technical operation, instructions for train traffic and shunting operations and instructions on signalization on RF railroads;
- carrying out technical inspections and checks of the railroads, divisions and enterprises, regarding this as one of the most important elements in preventive

work. Introducing a procedure for compulsory personal examination of the results of the inspections of enterprises by the chief of a road division, of road divisions—by the chief of the railroads, and of railroads—by directors of the MPS;

- developing and introducing the newest technical devices increasing train traffic safety, specified by the assignments of the State Program for 1994-2000;
- ensuring fulfillment of the requirements for observing safety measures when transporting hazardous freight and performing shunting operations with railcars loaded with this freight;
- organizing the training and instruction of workers involved in processing hazardous freight and rolling stock loaded with it.

A competent solution to social problems is one of the most important conditions for a successful solution to the problems facing railroad transport. It is because of an efficient policy in this sphere that the railroad workers have managed to avoid many social conflicts, which have literally shaken other sectors of industry. Because of this, the Collegium feels that, to ensure the social protection of the railroad workers in 1994-1995, its main task should be considered to be fulfilling the Sectorial Tariff Agreement, following a coordinated policy in the sphere of wages and ensuring the comparability of wages by railroads and regions, on the basis of the conditions, intensiveness, difficulty and quality of labor. The sectors are to maintain, in 1994-1995, the rates of housing construction achieved, drawing in the resources of enterprises, cooperatives, railroad workers and other sources of financing.

Reinforcement of lawfulness and legal procedure and unswerving adherence to existing legislative and normative acts in the subdivisions of railroad transport must be ensured in transport. Business contacts with law-and-order authorities must be strengthened, and preventive and legal education work put into practice with their participation. When violations of the law are revealed, efficient measures should be taken to eliminate them, making the guilty workers answerable.

In order to increase the discipline of workers involved in train traffic, and particularly those involved in passenger service, it is recommended that the directors of enterprises use the contractual form of concluding labor agreements, and specify in them, in accordance with labor legislation, the responsibility for proper execution of service duties.

By decision of the Collegium, the executors responsible for each point of the Program were determined, and plans were made to establish periodic monitoring of the course of its fulfillment at enterprises and in associations—monthly; on divisions and railroads—quarterly, with a report to the MPS for the road as a whole; in the MPS administrations—quarterly, with a report to the deputy minister. To monitor the course of fulfilling the

decisions of this Collegium, a work group, directed by O.A. Moshenko, first deputy minister, was set up to assist the roads. A procedure was established for quarterly summing up of the results of fulfilling the assignments of the Program, with analysis of the success of the measures being carried out. This work group is entrusted with the preparation, in the first half of 1994, of proposals for the improvement of the sector's administrative system.

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Economic Situation for First Quarter 1994

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[Article by Candidate of Economic Sciences T. Dementyeva and Candidate of Economic Sciences I. Pikan, experts of the TOR marketing center of the newspaper *EKONOMIKA I ZHIZN*: "Without Embellishments and Black Paint"]

[Text] If one looks at the present situation in Russia's economy without embellishments (which is practiced by the governmental and presidential team) and without blackening (as do their opponents), the following picture appears.

Basic Results of the First Quarter

The following (based on official data) basic factors characterize the situation in Russia's economy in the first quarter of 1993 in the opinion of *EKONOMIKA I ZHIZN*'s experts.

First of all, a deepening of the production crisis which has manifested itself in a drop in the output of the majority of the types of industrial purpose products and consumer goods. Even though a decrease in production at the beginning of the year was predicted by practically all experts, no one had guessed its scale right—instead of the expected 10-12 percent reduction in the industry-wide level of production, the real drop had come to 25 percent of the level of the first quarter of 1993.

At the same time, for the quarter as a whole the level of inflation had come to a value that is a record-breaking low for the last two years—146 percent. Moreover, it should be recalled that the inflation rates in the first two-three weeks of 1994 were very high (5-7 percent a week), but have steadily declined subsequently.

The non-payments crisis has drastically intensified. The volume of overdue debt in industry has risen and as a consequence problems in the sale of finished products have increased substantially and the number of work stoppages and the complete shutdown of enterprises has grown. The financial instability of enterprises has increased and the amount of profit obtained has fallen. A drastic growth in the number of unprofitable enterprises and consequently a growth in the amount of the losses has taken place.

To a decisive degree the activity of the government was determined by the struggle with inflation, the rates of which it has tried to reduce by all means possible.

Gross Domestic Product

In the first quarter the gross domestic product (GDP) had dropped by 4.9 percent in comparison with the fourth quarter of 1993, and by 15 percent in comparison with the analogous period of last year. The drastic decrease in the production of GDP in January (by 29.3 percent in comparison with December) was accompanied by subsequent monthly growth—18.5 and 6.7 percent. However, the situation which developed during the quarter as a whole continued the trend of a steady decline in the GDP.

A tendency for change in the structure of the GDP has also been noted: the share of the production of goods has shrunk (from 49 percent to 43 percent), the share of services has risen (from 38.5 percent to 48.5 percent), and the share of net taxes on products and imports has fallen (from 12.5 percent to 8.2 percent).

The reduction in the volumes of GDP is connected, first of all, with the continued shrinkage of the volumes of industrial production. However, the rates of the fall of the GDP are significantly lower than the rates of the fall of the volumes of industrial production. This is due to the increase of the share of services in the GDP. Thus, during the first quarter the volume of industrial production had come to no more than 75 percent of the level of the fourth quarter of 1993. At the same time the services of trade and the housing economy have remained approximately at last year's level. The volume of financial services increases while the decrease in other services did not exceed 20 percent.

Thus, somewhat unexpectedly one has succeeded in achieving a more market structure of GDP formation, as in the western countries, where the share of services comes to no more than 50 percent of GDP. In future, in our view, the GDP structure which has developed will not undergo serious changes—the anticipated limited increase in the volumes of production will be accompanied by an equal increase in the volume of services.

Material Production

Crisis phenomena have increased in the sphere of material production during the first three months.

The trend of a fall in production observed throughout last year (the average-quarterly rates of the fall in comparison with the fourth quarter of 1992, according to our calculations, had amounted to 12-13 percent) has not only survived but has even grown noticeably stronger. During the quarter as a whole the drop had come to 26.6 percent in comparison with the fourth quarter of 1993, whereas production had fallen by 13.7 percent in the fourth quarter of 1993 in comparison with the third quarter.

A further "weighting" of the sectorial structure took place in the first quarter. The fall in production had amounted to

about 27-28 percent in the processing sectors and 10-11 percent in the extractive sectors. Production is more and more acquiring a "raw material character."

It follows from an analysis of production in the branches of industry (see table) that the most stable situation was

observed in the fuel and power complex (the rates of fall in comparison with the first quarter of last year were 7-9 percent). The drop in ferrous and non-ferrous metallurgy (fall rates of 15-17 percent) as well as in the food industry (18-20 percent) was markedly lower than the industry-wide drop.

Sectorial Indices of Industrial Production Intensity (relative to the corresponding period of the past year, by cumulative total)

	1992				1993				1994			
	I qtr	II qtr	III qtr	IV qtr	I qtr	II qtr	III qtr	IV qtr	Jan	Feb	I qtr*	II qtr**
Industry-total	84.0	86.5	82.4	82.0	80.7	82.0	83.5	83.8	76.9	76.4	77-78	85-87
Including:												
Fuel-Power Complex	95.2	90.2	93.4	92.0	88.9	86.5	88.8	90.0		91.0		
Electric Power							93.9	94.7	94.9	96.9	91-93	93-95
Fuel Industry							83.9	85.0	90.9	87.5	91-93	93-95
Metallurgical Complex	82.5	89.0	84.3	86.7	78.1	80.8	83.7	82.8		82.0		
Ferrous Metallurgy							85.9	83.4	77.2	77.5	82-85	87-90
Non-ferrous Metallurgy							79.5	81.9	92.3	92.4	82-85	87-90
Chemical and Petrochemical Industry	86.7	83.6	83.6	85.0	76.7	77.6	78.5	78.0		65.0		
Chemical Industry							81.0	80.1	71.7	68.3	65-67	70-75
Petrochemical Industry							75.5	75.1	58.0	58.9	65-67	70-75
Timber and Wood Processing Industry	90.2	87.3	86.9	82.2	83.1	81.0	81.9	81.3	69.5	69.8	70-72	75
Machine-Building Complex	82.8	86.8	79.9	83.2	84.0	84.6	87.0	84.4	48.5	55.1	57	60-65
Building Materials Industry	89.3	87.1	85.1	82.2	73.5	76.3	81.4	82.4	71.9	69.6	72-75	78-80
Food Industry	79.4	77.9	77.5	78.5	92.1	91.0	91.9	90.8	81.2	78.9	80-82	85-90
Light Industry	83.9	85.9	76.2	68.9	62.0	69.5	73.9	76.6	72.3	67.6	68-69	72-75

* Estimate. ** Forecast.

A very difficult situation in the first quarter was noted in machine-building where the level of production had come to 55 percent of the corresponding period of 1993, in the chemical and petrochemical industry (level of production—67-68 percent of the level of the first quarter of 1993) as well as in the timber, wood processing and pulp and paper industry.

The production of shoes, hosiery products, all types of fabrics, and sewn goods had declined significantly (the depth of the fall had exceeded 60 percent of the corresponding level of last year for individual groups). A similar picture was observed in the production of building materials (a decrease in the production of materials for general construction use by 30-35 percent,

of asbestos cement products by 50-60 percent, of panels for large-panel housing construction by 35 percent, etc.).

Beginning with the end of last year the crisis of non-payments in industry is intensifying against the background of continuing inflation and the growth of wholesale prices and the number of unprofitable enterprises has increased.

The Financial Situation of Enterprises in Industry

If by the summer and at the beginning of autumn of last year the situation with non-payments in industry had remained approximately at a single level, the amounts of overdue debt had begun to grow beginning with the second half of October 1993. Thus, for industry as a whole the volume of overdue debt to suppliers had amounted to 10.99 trillion rubles by the end of January and had increased by 43.1 percent in comparison with September. At the same time the share of overdue debt to suppliers in the total volume of output produced had increased during this period from 46 percent to 68.8 percent.

An analogous situation developed also with the overdue debt of buyers, the volume of which had increased by 38.1 percent during September-January. The share of debt in the total volume of output produced had increased from 59 percent to 95 percent, i.e., buyers are not paying for practically the monthly volume of output produced. A situation has developed in which they don't take products because they're not needed but because there's no money and it's uncertain when there will be.

Analysis of the status of non-payments broken down by sectors indicates that the fuel industry, ferrous metallurgy, chemistry and petrochemistry, and machine-building have the greatest share of overdue debt. The amounts of non-payments in the building materials industry, light industry, and the wood processing and food industries are considerably smaller. This situation once more confirms the pattern that sectors which work to a greater degree for the consumer market are more stable in regard to finances and that their output is orienting itself to effective demand earlier than the rest. The sectors which produce raw and other materials react significantly slower to demand, continuing through inertia to produce what is required already in far smaller volumes.

In January 1994 the branches of industry had received a profit in the amount of R2.6 trillion, i.e., the volume of profit had fallen by a factor of three in comparison with January 1993 (taking inflation into account). At the same time, a reduction in profit by almost a factor of two had taken place during October-December 1993, and by 45.6 percent during January in comparison with December, i.e., by a factor of almost 1.5.

The fall in the volumes of profit in industry was also accompanied by a decrease of their share in the volume of industrial production—from 22.6 percent in September 1993 to 16.2 percent in January of this year. This

Dynamics of the Change in the Share of Overdue Debt for Suppliers and Buyers in the Volume of Industrial Production



Key:—1. Suppliers—2. Buyers

implies a further curtailment of investment demand and consequently also the absence of changes in the structure of the fixed capital of enterprises. The latter are not buying new technologies and new equipment and nearly not putting new products into production. In the best case the catalogue and quality of the products produced remains unchanged.

The dynamics of the ratio of the monetary funds of enterprises and the overdue debt to suppliers is also characteristic. In the first half of 1993 the monetary funds of the enterprises exceeded overdue debt by 20 percent, by the end of 1993 they covered half of it, and 40 percent by February.

The possibilities of increasing the effective demand of the enterprises through credit investments are very limited.

Analysis of the dynamics of the change in the volumes of credit investments indicates that, beginning with the second half of 1993, the rates of their increase had begun to shrink (in the third quarter the rates of their increase equalled 48 percent, and in the fourth—30.3 percent).

Credit investments in the economy had increased by 6.8 percent (compared to December 1993) during the month of January and by 11 percent during January-February. For the quarter as a whole the increase in the volume of credit investments will be two times less than the increase during the fourth quarter of 1993.

As of the beginning of February the relative share of centralized credits in the total amount of credits had come to 26 percent. In February its relative share had increased somewhat and reached a level of 29 percent. However, in connection with delays of receipts into the budget (by the end of March 1994 more than R4 trillion had not been transferred to the budget in the form of

taxes) and the surviving high level of the budget deficit (8-9 percent of GDP), the possibilities of increasing the volumes of centralized credit are very limited. The latter is allotted mainly for the needs of the agro-industrial complex (44 percent) and the military-industrial complex, for deliveries to the Far North, etc. The situation with the use of the credits of commercial banks is no better. Under conditions of instability it is not profitable for the banks to grant credit for a protracted period. Short-term credits take up 86.5 percent in the total volume of credit investments and have a tendency to grow.

Against a background of the growth of the volumes of short-term credits and of bank interest, and also taking into account the increase in the number of unprofitable enterprises (in January their share had come to 16.2 percent as compared with 9 percent in December 1993, while the amount of losses had more than doubled in the past five months), the possibilities of increasing the effective demand of the enterprises through credits are becoming more and more limited.

The Status of Monetary Circulation

It follows from an analysis of the structure of the money supply that the share of cash in the total supply of monetary funds had a steady tendency to grow throughout the entire preceding year and had risen during the year from 24 percent to 38 percent (for comparison—in the USA this share comes to only a few percent). At the same time the rates of increase of the supply of cash constantly outstripped the rates of increase of the total money supply.

The situation had changed in the beginning of 1994.

In the first place, in January the share of cash in the total money supply had declined by 2.6 percent compared to December. Secondly, in January 1994 the volume of cash and non-cash funds had increased by 4.9 percent

relative to December while the volume of cash had declined by 2.4 percent. This trend had also been preserved in February.

The contraction of the volume of cash in January had been one of the reasons for the lowering of the rates of inflation in February and the beginning of March. The currency emission in the amount of R1.6 trillion carried out at the end of February will undoubtedly stimulate an acceleration of the rates of inflation in April-May.

The velocity of the circulation of cash and non-cash money, according to data from the State Committee for Statistics, had been kept at last year's level in January-March: cash money circulates twice as fast as non-cash money.

In January 1994 the volume of GDP had declined (in comparable prices) by 29.3 percent in comparison with December 1993, while the volume of the total money supply in circulation had increased by 4.9 percent.

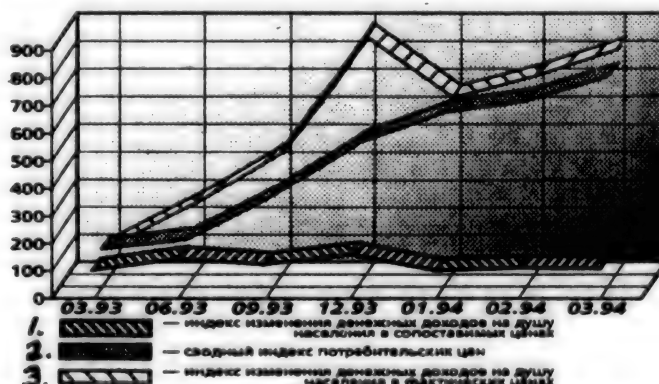
Since the growth of monetary funds has not been supported by a real growth in production, the money in the accounts of enterprises will be converted subsequently into cash, which will emerge as payment funds not backed by goods and will give rise to a corresponding growth of prices.

In analyzing trends of the change in the money supply, one needs to bear in mind that its growth does not mean an increase in the capital actually circulating. An increase in prices, especially wholesale, will result in its contraction. At the same time capital is depreciated more rapidly than the money supply grows. Thus, during January the money supply had increased by 4.9 percent while wholesale prices had increased by 19 percent.

Inflation and Wholesale Prices

Against the background of the worsening situation in industry a sharp surge of inflation had taken place in

Dynamics of the Change in Per Capita Monetary Incomes and the Aggregate Index of Consumer Prices (as a % of March 1993)



Key:—1. Index of the Change in Per Capita Monetary Incomes in Comparable Prices—2. Aggregate Index of Consumer Prices—3. Index of the Change of Per Capita Monetary Incomes in Actual Prices

January of this year with a subsequent dampening of the rates of the growth of inflation: December 1993—113 percent; January 1994—121 percent; February 1994—110 percent and March 1994—108-110 percent. The level of inflation has come to 145-146 percent during the quarter. This is the lowest level during the last two years.

The surge of inflation in January was dictated by a number of the factors we have already mentioned. Insufficient effective demand had restrained an increase in prices in subsequent months. The state had not settled up its debts either with the miners, or the agro-industrial complex, or the military-industrial complex. The crisis in production had resulted in a significant shutdown of enterprises (some 4,280 enterprises stood idle in February as against 3,789 in January and 2,407 in October 1993; production had come to a complete stop at 428 plants in February) and, consequently, in a reduction of the volumes of wage payments to industrial workers. The tense financial state of the enterprises had led to a growth of overdue debt with respect to the payment of wages of 2.2 times in January and by 18 percent more in February, which had also caused a drop in demand on the consumer market.

The state intends to retrieve part of its debts in April. To a certain degree these measures will result in a revival of effective demand. The seasonal surge in the demand for a number of construction and light industry goods also will contribute to the growth of inflation, the level of which, according to our estimates, will come to about 15-16 percent a month by the end of the second quarter.

Despite an anticipated convergence of the rates of growth of wholesale and consumer prices even under conditions of a growing sales crisis, Russian industrialists, as before, do not see another way out besides a mechanical increase in the prices for their products.

For industry as a whole wholesale prices had increased by 19 percent in January, 16 percent in February, and 15-17 percent in March. The index of the growth of wholesale prices during the quarter has come to 158-159 percent.

The correlation of the rates of growth of consumer and wholesale prices at the beginning of the year was analogous to the correlation of their growth rates in the second

half of last year: on average wholesale prices are growing 15-20 percent more rapidly than consumer prices during the quarter.

The surviving financial strain in industry will become one of the factors in slowing down the growth rates of wholesale prices in the second quarter. Many enterprises, in striving to survive, will try to sell their product, even if only very cheaply. However, at the same time the abolition of state regulation of prices for the products of monopolists, the proposed allocation of credit to enterprises on the strength of clearing off the state debt, the increase of the prices for electric power and of transport rates will stimulate a further growth of prices. The superimposing of these two contradictory trends will lead to a moderate growth of wholesale prices which, according to our estimates, will amount to 60-65 percent during the second quarter.

DELOVOY MIR Economic Statistics, 27 Apr

944E0794A Moscow DELOVOY MIR in Russian
27 Apr 94 p 4-5

[Report by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel, Russian State Committee on Statistics: "Production Output and Price Dynamics"]

[Text]

Prices for Consumer Goods and Services

Over the period 12 to 19 April 1994 prices for consumer goods and services rose by 1.6 percent, including for foodstuffs—by 1.3 percent, nonfood items—by 1.9 percent, and for-fee services for the population—by 3.5 percent. The greatest increases in prices for foodstuffs were registered in the Urals and East Siberian regions (1.8-2.2 percent) and Kaliningrad Oblast (3.3 percent); food prices remained at practically the same level in the Volga region. Prices for nonfood items went up most in the Central region and West Siberia (2.3-2.8 percent), while in East Siberia they remained practically unchanged over the week.

Indices of prices for consumer goods and services in the consumer market were as follows (percentage of the preceding date):

	04/05	04/12	04/19	Average daily price rise	
				April	March
Consumer goods and services	102.2	102.7	101.6	0.32	0.27
including:					
foodstuffs	101.4	101.2	101.3	0.19	0.20
nonfood items	101.9	102.4	101.9	0.28	0.34
for-fee services for the population	111.9	118.4	103.5	1.65	0.45

Since the beginning of the month prices have risen by 6.3 percent, including for foodstuffs—by 3.7 percent, nonfood

items—by 5.4 percent, and for-fee services for the population—by 36.5 percent.

Foodstuffs.

Since the middle of March weekly price increases with respect to foodstuffs have become perceptibly smaller and amounted in Russia as a whole to 1.3 percent as compared to 3.2 percent in January-February. In April

the rate of price increases for basic foodstuffs in nonorganized trade was almost twice as high as that in organized trade. Over the period 12 to 19 April prices in nonorganized trade rose by 2.1 percent, and in organized trade—by 1.1 percent.

Price changes by main categories of food products are shown below (percentage of the preceding date):

	Total	Including:	
		in organized trade	in nonorganized trade
All food products	101.3	101.1	102.1
including:			
Meat and meat products	101.2	101.0	101.7
Fish and fish products	100.4	100.4	99.7
Milk and milk products	101.4	101.2	102.8
Eggs	100.7	100.8	99.9
Sugar	100.0	100.0	100.4
Bread and bakery products	102.0	102.0	-
Cereals and macaroni items	102.9	102.8	105.3
Vodka	100.7	100.7	100.0
Potatoes and vegetables	103.2	102.9	103.7

In organized trade, similar to preceding weeks, vegetable prices rose at an anticipatory rate: prices for onions, beets, fresh cabbage, and carrots rose by 4-9 percent. Prices for some varieties of macaroni items, cereals, and bread and bakery products increased by 2-6 percent. There has been practically no change over the week in prices for meat, butter, vegetable oil, sugar, eggs, vodka, and potatoes.

Since the beginning of the month prices for macaroni items, cereals, salt, fruit, and vegetables have increased by 8.5-13 percent; milk and milk products—by 4.9 percent; meat and fish products—by 2-2.6 percent. The average level of prices for sugar, eggs, and vodka changed insignificantly.

Similar to organized trade, the greatest price increases in nonorganized trade were registered with respect to fresh produce: for onions and garlic—by 11-13 percent, fresh cabbage and carrots—by 5-7 percent. The rate of price rises with respect to meat products increased somewhat in April (1.7 percent). Since the beginning of the month prices for these products have increased by 5 percent. Prices for milk products and eggs remained practically unchanged.

The cost of the consumer basket of 19 basic foodstuffs increased over the week by 2.1 percent and as of 19 April amounted to 46,900 rubles [R], calculated on a monthly basis. The price differential between monitored cities measured a factor of 4.4; the highest cost was registered in Magadan (R126,200), the lowest—in Ulyanovsk (R28,500). In terms of consumer basket cost, Moscow and St. Petersburg and Moscow ranked 32d and 40th among 132 monitored cities (R51,600 and R49,900 on a monthly basis).

Nonfood Items

Since February prices for nonfood items have been rising at a somewhat higher rate than those for foodstuffs. Over the elapsed week of April gasoline prices rose more significantly—by 5 percent. Prices for garments, knitwear, fabrics, and footwear rose over the week by 1.9-2.3 percent. Price rises with respect to cultural and household goods and tobacco items were insignificant (0.5-1.4 percent).

Since the beginning of the month prices for main categories of nonfood items rose by 4-6 percent.

For-Fee Services for the Population

There were no significant price increases with respect to for-fee services over the elapsed week. Fees for consumer services increased by 2-3 percent; the cost of rail transportation, communication services, and sanitariums and resorts increased by 1.3-2.5 percent.

Since the beginning of the month rates have increased almost 1.4-fold. Intercity train fares doubled, and rents in municipally owned apartments increased 1.5-fold. Electric power rates and notary fees changed insignificantly.

Industrial Production.

Over 17 days of April 1994, of the 163 most important categories of products counted in periodic reports, average daily production, as compared to the corresponding period of 1993:

—increased with respect to eight items, (including metal-cutting machine tools with numeric program control,

city telephone cables, video cassettes, school notebooks, pencils, and tea), or 5 percent of the total number;

—**decreased with respect to 149 items**, or 91 percent of the total number;

as compared to the corresponding period of March 1994:

—**increased with respect to 86 items** (including coking coal, diesel fuel, steel, finished rolled metal, mineral fertilizer, synthetic ammonia, tires for trucks and agricultural vehicles, large electric machinery, alternate-current and low-power electric motors, self-propelled cranes, woodworking machine tools, freight railcars, automotive graders, buses, truck trailers and semi-trailers, tractor hitches, friction-free ball bearings, paper, matches, high-grade asbestos, cement, rolled roofing and insulation materials, decorative ceramic tile, refrigerators and freezers, washing

machines, electric vacuum cleaners, electric irons, radio receivers, tape recorders, bicycles, motorcycles, silk fabrics, nonwoven fabric-type materials, hosiery, coats and short coats, light coats, jackets, suits, dresses, slacks, shirts, skirts, footwear, meat, butter, high fat-content cheeses and feta cheese, canned meat and milk products, cereals, macaroni items, and vegetable oil), or 53 percent of the total number;

—**decreased with respect to 71 items**, or 43 percent of the total number;

Based on the dynamics of production of the most important varieties of industrial output, it is estimated that average daily production in industry over the elapsed period of April 1994 amounted to 74 percent of that for the corresponding period of last April.

Output of main categories of industrial products over 17 days of April 1994 is characterized by the following data:

	Produced over 17 days of April 1994	As % of corresponding period (in terms of average daily production) of	
		April 1993	March 1994
Electric power—billion kw-hr	41.1	93	85
Oil, including gas condensate, million tonnes	13.2	82	98
Natural gas, billion cubic meters	30.0	98	97
Coal, million tonnes	11.9	85	98
Steel, million tonnes	2.2	80	110
Finished rolled ferrous metals, including destined for export, million tonnes	1.7	81	112
Steel pipe, thousand tonnes	86.7	30	68
Large electric machinery, units	127	57	168
Metal-cutting machine tools, units	169	29	94
Passenger cars, thousand units	36.3	77	92
Tractors, thousand units	0.8	16	83
Chemical filament and fiber, thousand tonnes	7.9	43	93
Mineral fertilizer (recalculated as 100-percent nutri- ent), thousand tonnes	410	83	136
Automotive tires for agricultural vehicles, motorcy- cles, and motorrollers, million units	1.0	52	110
Commercial timber, million cubic meters solid wood	2.6	61	77
Lumber, thousand cubic meters	439	70	89
Paper, thousand tonnes	111	78	114
Cement, million tonnes	1.5	76	116
Roof slate, million standard tiles	41.2	22	68
Construction brick, million units of standard brick	318	68	91
Rolled roofing and insulation materials, million square meters	18.2	63	169
Fabrics, total, million square meters	96.5	67	93
Hosiery, million pairs	14.3	72	106
Knitwear, million units	7.5	65	99.1
Footwear, million pairs	2.5	44	125
Television sets, thousand units	78.5	48	75

	Produced over 17 days of April 1994	As % of corresponding period (in terms of average daily production) of	
		April 1993	March 1994
Radio receiving devices, thousand units	24.2	28	110
Refrigerators and freezers, thousand units	109	72	112
Electric vacuum cleaners, thousand units	29.0	24	120
Washing machines, thousand units	75.3	41	114
Meat, including subproducts, category I, total, thousand tonnes	70.8	72	108
Whole-milk products, recalculated as milk, total, thousand tonnes	281	80	99.0
Butter, total, thousand tonnes	15.0	64	118
Granulated sugar, including quantities produced from customer-supplied material, thousand tonnes	43.4	56	124

Over the elapsed period of March 1994 there was no production of drop forges with numeric program control, processing centers, gantry cranes with the lifting capacity of eight or more tonnes and automotive platform-mounted cranes, bulldozers, and trolley buses.

Agriculture. Agricultural Producers Production Plans for 1994

Before the beginning of spring field work (as of 1 March of this year), statistical organs jointly with the Center for the Current State of the Economy under the Government of the Russian Federation conducted a survey of intentions of 1,117 agricultural enterprises and 1,510 peasant (private) farms on 20 territories of the country on the subject of production of agricultural output in 1994. The surveyed farms account for 5 percent of agricultural land in the country and represent all the main soil and climatic regions of Russia.

The results obtained show that the surveyed agricultural enterprises intend to keep the planting of grain crops and sunflower at last year's level, and to reduce somewhat the planting of sugar beet (by 9 percent) and vegetables (by 5 percent). No expansion in the planting of fodder crops is planned. The gross yield may be negatively affected by the shortage of mineral fertilizer, and with respect to some crops also that of planting material. As of 1 March of this year, mineral fertilizer stocks at all surveyed enterprises as a whole amounted to no more than 30 percent of need.

In animal husbandry, a slower rate of herd reduction is envisaged with respect to all varieties of livestock except sheep.

The survey showed that peasant (private) farms, which have a lower level of material and technical support, show greater economic flexibility and intend to increase

by 5 percent the planting of grain crops, particularly the planting of sugar beet and vegetables, while leaving sunflower planting at last year's level. The area they plan to use for planting of fodder crops is envisaged to increase by 15 percent. In animal husbandry farmers plan to increase the herd of main categories of livestock by the end of the year, especially the herd of swine.

The selective survey program included evaluation of enterprises' financial and economic status. Almost 90 percent of surveyed agricultural enterprises believed that their financial and economic situation had worsened in 1993, and only 5 percent of enterprises said that it had improved. The overwhelming majority of enterprises (97 percent) appraised the state of animal husbandry as average or bad, and only 3 percent considered it good. The appraisal of the state of plant-growing was somewhat better: 61 percent of enterprises consider it average, 32 percent—bad, and 7 percent—good. Only 4 percent of surveyed agricultural enterprises believe that their situation will improve in 1994; 78 percent are convinced that it will get worse.

Peasant farms view their situation in 1994 in a somewhat more optimistic light: One-quarter of them believe that their financial and economic situation will improve; however, one-half of farmers believe that it will get worse.

Animal Husbandry

In the first quarter of this year as compared to the analogous period of 1993 the volume of *sales of livestock and poultry for slaughter* declined at all categories of farms by an estimated 10 percent, production of milk—by 11 percent, and eggs—by 6 percent. At agricultural enterprises, which are the main producers of animal husbandry products, the volume of meat and milk production decreased by 15-16 percent, and eggs—by 6 percent:

	(In thousand tonnes)		
	First quarter		
	1992	1993	1994
Livestock and poultry sold for slaughter, live weight	1,860	1,609	1,346
as % of preceding year	78	86	84
Gross milk yield	6,790	5,893	4,982
as % of preceding year	80	87	85
Production of hen eggs—million units	8,189	7,284	6,844
as % of preceding year	92	89	94

Production of animal husbandry products on personal plots remained approximately at the level of the corresponding period of last year.

The decrease in the size of the *livestock herd* is occurring mainly at agricultural enterprises, where the

pace of horned cattle and swine herd reductions has stabilized at the level of 10-13 percent as compared to the corresponding month of last year, and cows—at 6-7 percent. An especially significant decline has occurred in the herd of sheep and goats (by 21-23 percent).

	as % of corresponding date of 1993				For reference: as of 1 April
	On 1 Jan	On 2 Feb	On 1 Mar	On 1 Apr	1993 as % of 1992
Horned cattle	89	89	89	90	91
Cows	94	93	93	93	93
Swine	87	87	88	87	85
Sheep and goats	79	78	77	77	84

The remaining stocks of fodder at these enterprises as of the beginning of April of this year amounted on average to 6 quintals of feed units per standard head of livestock, as compared to 5.3 quintals of feed units by this time last year.

In the first quarter of this year, 1.1 million tonnes of livestock and poultry (26 percent less than a year ago) were *procured from agricultural producers* for federal and regional food reserves, as well as 3.4 million

tonnes of milk (22 percent less), and 5.5 billion units of eggs (9 percent less). At the same time, agricultural enterprises increased sales of animal husbandry products at farmers markets, through their own stores, the public catering system, and through barter operations. They sold 17 percent of the total volume of livestock and poultry, 4.5 percent of milk, and 7 percent of eggs outside the procurement network, as compared to, respectively, 11 percent, 2.7 percent, and 7 percent last year:

	(In thousand tonnes)			
	Procured for federal and regional reserves			In addition, sold by agricultural enterprises outside of procurement organizations in 1994
	1992	1993	1994	
Livestock and poultry in live weight	1,679	1,458	1,076	217
as % of preceding year	73	87	74	117
Milk	4,993	4,349	3,391	161
as % of the preceding year	71	87	78	132
Eggs, million units	6,135	6,022	5,508	440
as % of the preceding year	82	98	91	102

Sales of Fresh Produce

By 28 March of this year agricultural enterprises sold through all distribution channels 17,500 tonnes of

greenhouse vegetables (24,200 tonnes in 1993). Of this, 12,800 tonnes (73 percent of the total volume) were sold to procurement organizations, which is one-third less than last year:

	(in thousand tonnes)		
	Greenhouse vegetables	Including:	
		cucumbers	greengrocer items
1992	22.5	18.9	3.3
1993	19.9	15.8	3.9
1994	12.8	10.9	1.8
1994 as % 1993	64	69	45

Sales of these products through other distribution channels increased. Since the beginning of the year, 4,700 tonnes of greenhouse vegetables (27 percent of the total volume sold) have been sold at farmers markets, through their own stores, and the public catering system, as compared to 4,200 tonnes (18 percent) last year.

The Farmers' Movement

The process of creating peasant (private) farms in Russia is proceeding more slowly this year than last. Over three months of this year 7,300 new farms were set up (47,000 over the first quarter of last year) and by 1 April they numbered 277,300, with a total land area of 11.8 million hectares (43 hectares per farm on average). By the beginning of the spring campaign approximately 10.9 million hectares of agricultural land were at farmers' disposal, of which 7.9 million hectares were plowed land,

or, respectively, 5.2 percent and 6.0 percent of the total area in the Russian Federation.

Surveys conducted by the State Committee for Statistics indicate that farmers are in a difficult financial situation. Production and social infrastructure of peasant farms are extremely weak; there is no mechanism for implementation of measures of state support for farmers, and money allocated for these purposes frequently does not reach the intended recipients. To a considerable extent it was for these reasons that 4,100 private farms ceased operation in the first quarter of this year (2,500 over the first quarter of last year). On average, for each 100 new farms in the first quarter of this year, 36—as compared to 14 last year—went out of business.

The dynamics of start-ups and disintegration of private farms by quarter in 1993 and 1994 are shown in the table (thousands of farms):

	Started over the period	Ceased operations		Increase over the period
		total	per 100 newly started farms, units	
1992	138.9	5.1	4	133.8
1993	101.3	14.1	14	87.2
including:				
I quarter	49.5	2.5	5	47.0
II quarter	31.6	3.3	10	28.3
III quarter	10.5	3.3	31	7.2
IV quarter	9.7	5.0	52	4.7
1994				
I quarter	11.4	4.1	36	7.3

Capital Construction

In the first quarter of 1994, enterprises and organizations of all forms of property on the territory of the Russian Federation utilized R12.3 trillion of capital investment from all sources of financing, including R6.9

trillion, or 56 percent of the total volume of investment, for construction of production facilities (60 percent in 1993).

The investment dynamics are characterized by the following data:

	As % of corresponding period of preceding year			For reference: 1993 as % of	
	I quarter 1992	I quarter 1993	I quarter 1994	1992	1990
Capital investment from all sources of financing—total	56	97	72	84	43
including by facility type:					
production	52	99.3	63	77	35
nonproduction	64	93	89	97	61

State- and municipally-owned enterprises and organizations account for the greatest share (59 percent) of capital investment utilization in the development of the Russian economy.

The structure of capital investment from all sources of financing by the form of ownership is shown below:

	I quarter 1994		For reference: 1993 as % of total
	Billion rubles	as % of the total	
Capital investment by enterprises and organizations of all forms of ownership—total	12,294	100	100
including:			
state	5,533	45	53
municipal	1,722	14	13
mixed	3,038	25	20
private	1,721	14	14
public organizations	10	0.1	0.2

The main source of capital investment financing is enterprises' own resources; in the first quarter they accounted for R7.9 trillion, or 64 percent of the total volume of investment; means from the federal budget—R1.9 trillion, or 16 percent; and local budget—R1.4 trillion, or 12 percent.

In the first quarter of this year capital investment in equipment, tools, and supplies comprised R1.574 trillion, or 52 percent of the corresponding period of last year, including R464 billion for equipment requiring installation (29 percent of the total volume). As of the end of the first quarter of this year, R3.955 trillion worth of uninstalled equipment requiring installation accumulated in warehouses in the capital construction sector, including R740 billion worth of imported equipment.

In the first quarter of this year some production capacities and facilities were put into operation: 240 km of power transmission lines with a voltage of 35 kV or higher on the territory of Bashkiria and the Mari Republic, Maritime Kray, and Volgograd, Voronezh, Moscow, Rostov, Saratov, Sverdlovsk, Tyumen, Chelyabinsk, and other oblasts; 29 km of gas pipelines in Kursk Oblast; 83 km of intercity communication cables in Samara Oblast; 761 oil and eight gas production wells in Tyumen Oblast; and capacities for production of 20,000 cubic meters of wood-chip board and 12 million units of construction brick in Krasnodar Kray, 150,000 cubic meters of non-ore materials in Kemerovo Oblast, 13,500 cubic meters of prefabricated ferroconcrete components and items in Altay Kray, and others.

The limit of state capital investment financed out of the federal budget for the implementation of measures aimed at elimination of the consequences of the Chernobyl nuclear power station disaster for 1994 is set in the amount of R578.1 billion (in forecast prices); in the first quarter of this year, R33.2 billion (in current prices) has been used for these purposes. As part of the "Chernobyl" program, 10,400 square meters of residential housing

have been built (4.5 percent of the annual target), and a hospital for 25 beds (5.9 percent).

In the first quarter of this year, R0.9 trillion in capital investment from all sources of financing has been used for development of the *agro-industrial complex*, which is half as much as last year. Investment of state-owned enterprises comprised 36 percent of total investment in the agro-industrial complex; privately owned—33 percent; and mixed Russian ownership—29 percent. Of this, R0.6 trillion, or 62 percent, was utilized for construction of production facilities.

Only a few facilities for processing and storage of agricultural output have been put in operation. Over January-March of this year, capacities for production of 3.1 tonnes of bakery products a day were put on line in Moscow and Kurgan Oblasts, and for production of 95 tonnes a shift of whole-milk products in Kaluga, Sverdlovsk, and Tambov Oblasts.

Of the most important agro-industrial complex projects not completed in 1993, the only production facilities that were put in operation in January-March of this year were production capacities at a canning plant in the city of Uruk in Kabardino-Balkaria and at the Rosvyanskiy repair plant in Kurovskoye settlement, Kaluga Oblast.

In construction of social sphere projects, R5.4 trillion was used in the first quarter of this year, which is 11 percent less than the first quarter of 1993. The share of investment in the construction of nonproduction facilities is continuously increasing.

In the first quarter of 1994, R3.1 trillion, or one-quarter of the total volume of capital investment in the national economy, was spent on housing construction. Residential housing with a total living area of 4.0 million square meters was commissioned, which comprises 95 percent of the January-March 1993 level and 50 percent of that in 1990:

	Million square meters of total area		
	commissioned in January-March 1994	as % of January-March 1993	Proportion of total volume, %
Total on the territory of Russia	4.0	95	100
including by enterprises and organizations that are part of:			
Russia's state and mixed property	2.3	85	58.7
including housing construction cooperatives	0.2	65	4.7
municipal property	0.6	84	15.9
private property	1.0	109	25.2
including individuals building their own housing	0.7	127	16.9

New apartments were received by 5,500 families of military servicemen, members of internal affairs organs, and persons due to be relocated from closed and stand-alone military bases. For them, 330,000 square meters of general housing were built, including 285,000 square meters in keeping with the plans of ministries and agencies that have military units.

Construction of education and health care facilities over the elapsed period was not extensive. Enterprises and organizations of all forms of ownership built general education schools for 9,000 pupils, preschool facilities for 2,600 placements, hospitals with 1,674 beds, and ambulatory facilities for 1,960 visits a shift.

Also put into operation were nursing homes for the elderly, disabled, and disabled children for 298 placements and orphanages for 100 placements.

During the current year 94.3 km of operational running water networks were put on line on the territory of Russia, or 81 percent of the level of January-March 1993; 24.2 km of sewage lines (73 percent); 19.6 km of heat distribution pipes (111 percent); and 836.5 km of gas pipes (94 percent).

Construction organizations of all forms of ownership on the territory of the Russian Federation performed R8.5 trillion worth of contract work in January-March of this year, which is 24 percent less than over the corresponding period of last year.

The volume of *contract work* performed by organizations of different organizational-legal forms is characterized by the following data:

	Volume of contract work		Proportion of total volume of contract work performed (%)	
	performed, trillion rubles	% of total	construction-erection work	capital repairs
Total for contract organizations	8.5	100	76	17
including:				
state	2.6	30	67	27
municipal	0.1	1	51	43
joint-stock	5.4	63	80	13
lease	0.4	4	78	14

As of the end of the first quarter customers had not paid for about 50 percent of the work performed over that period. In state organizations the share of such work comprised 44 percent, joint-stock—50 percent, and leased—55 percent.

Adherence to the Timetable of Passenger Trains and Aircraft

In air transportation in the first quarter of this year the number of actual flights declined by 15 percent as

compared to the analogous period of last year. The number of aircraft arriving late declined from 24 percent to 22 percent. About 1 percent of scheduled flights were canceled or not carried out.

Adherence to the timetable of aircraft arrival at flight destination by different types of air service is characterized by the following data:

	Number of delayed flights, thousands	Proportion of late arrivals in total number of scheduled flights, %	Average delay, hours
All types of service	26.6	22	3.7
including:			
international	3.0	26	3.3
domestic	11.8	28	3.8
local	11.8	18	3.6

More than half of the domestic flights of the Vnukovo Airlines company arrived on average 4.6 hours late; of those carried out by enterprises under the umbrella of the Kamchatka regional civil aviation administration—60 percent, with an average delay of 7.7 hours; of the Far East regional administration—49 percent, 8.1 hours; of the Domodedovo production association—45 percent, 8.3 hours; and of the Mineralnyye Vody production association—42 percent, 2.7 hours.

On rail transport of the Russian Ministry of Railways, in the first quarter of this year 111,400 passenger trains (not counting suburban) arrived at their final destination—2 percent less than in the first quarter of 1993.

The number of late trains comprised 4 percent of the total number of arrivals as compared to 6 percent over the corresponding period of last year. Average delay time was 1.4 hours (1.3 hours in the first quarter of 1993).

The greatest proportion of late trains was registered at the Kaliningrad (52 percent of all arrivals on that railroad), North Caucasus (9 percent), and Moscow (8 percent) Railroads.

The greatest delays were noted in train arrivals at destination stations of the East Siberian (average delay—2.5 hours), Kemerovo (2.3 hours), Moscow, Baykal-Amur (1.8 hours), Sverdlovsk (1.7 hours), and South Urals (1.6 hours) Railroads.

In March of this year the number of departures of suburban trains declined as compared to January of this year by 5,400 (2 percent). On the West Siberian Railroad 1,300 (13 percent) fewer trains departed; October Railroad—1,100 (3 percent) fewer, and Far Eastern Railroad—1,100 (25 percent) fewer.

Delays were registered in the departures of 1,900 (1 percent) suburban trains. Average delay was 25 minutes. The greatest delays in suburban train departures were noted on the Kaliningrad, Gorkiy, Northern, South-Eastern, Volga, Sverdlovsk, Kemerovo, and South-Urals Railroads (average delay in departures was between 28 and 54 minutes).

Urban Passenger Transportation Services for the Population

Currently 1,357 cities in the Russian Federation have a bus service, 113 cities—ground electric transportation, and six—subway.

Urban transport (excluding taxicabs) serves 110 million passengers daily, which is five times as many as served by suburban and intercity transportation by all types of transport.

Urban passenger transportation operates with great difficulty; the level of passenger service is declining, especially with respect to bus service. In 1993 the number of bus runs performed declined by 11 million, or 5 percent, as compared to 1992, and by 33 million, or 15 percent, as compared to 1991.

The deterioration of transportation services is also indicated by the results of a selective survey conducted by statistical organs at the end of 1993 in oblast (krai, republic) centers of Russia. Of 23,000 respondents, three-quarters noted that the operation of urban public transportation has become worse. Their opinion is supported by comparing it with the data received as a result of analogous surveys conducted by statistical organs in 1989 and 1990.

The average time spent commuting to work (school) increased by 8 percent (from 40 minutes in 1989 and 1990 to 43 minutes in 1993). The proportion of passengers who spend 40 minutes to one hour, or more than one hour, commuting is high: 30 percent and 19 percent of respondents, respectively (in 1989—27 percent and 16 percent, in 1990—29 percent and 17 percent).

Considerable time is spent waiting for rolling stock to arrive. Because of greater intervals in the schedule of city transportation, one in four streetcars and trolley bus passengers and one in three bus passengers have to wait for more than 20 minutes at the stop (in 1989, respectively, one in 11 and six minutes, and in 1990—one in six and four minutes).

	Of total number of passenger using a corresponding type of transportation, waited at the stop for transport to arrive, %			
	4 minutes or less	5-9 minutes	10-19 minutes	20 minutes and more
Bus				
1989	9	38	36	17
1990	5	29	39	27
1993	3	22	37	38
Trolley bus				
1989	20	44	27	9
1990	12	39	33	16
1993	8	32	37	23
Streetcar				
1989	22	46	23	9
1990	13	40	31	16
1993	12	33	32	23

The average waiting time at a bus stop is 16 minutes, trolley bus—14 minutes, and streetcar—13 minutes.

The highest number of passengers waiting for buses at bus stops for more than 20 minutes were noted in Saransk, Maykop, Vladivostok, Astrakhan, Ulyanovsk, Yakutsk, Orenburg, Blagoveshchensk, Nalchik, Kaliningrad, Tver, Barnaul, Kyzyl (56-76 percent of passengers surveyed); for trolley buses—in Magadan, Groznyy, Saransk, Tyumen, and Vladivostok (53-100 percent); streetcars—in Tver, Groznyy, Voronezh, and Ufa (50-60 percent).

Greater concentration of riders on rolling stock creates additional inconveniences for passengers. Overcrowding of rolling stock during rush hours was noted by 86 percent of passengers using buses to commute to work (school), 82 percent of trolley bus users, 67 percent of streetcar users, and 53 percent of subway users.

The main cause of such a situation is underutilization of the carrying capacity of the rolling stock. In 1993 more than half of ground passenger transportation remained unused daily in Astrakhan, one third—in Kaluga, Smolensk, Tambov, Samara, Stavropol, Nalchik, Kemerovo, and Blagoveshchensk. Half the buses and streetcars and one-third of the trolley buses were idle in Moscow and Tomsk. More than one-third of trolley buses were not sent on route runs daily in Elista, Magadan, Yakutsk, and Petropavlovsk-Kamchatskiy, where they are the only available kind of urban passenger transportation.

More than half of idle time is caused by repairs because of the great wear and tear of the stock. In common carrier automotive transportation, almost one-third of buses have been fully depreciated, and more than 10 percent of trolley buses and streetcars are being utilized beyond the term of their useful life.

The unsatisfactory technical condition of the rolling stock is causing a decline in the regularity of scheduled runs in passenger transportation. In 1993, 85 percent of urban buses ran on schedule, 92 percent of trolley buses,

and 90 percent of streetcars. However, in a number of cities regularity of service was considerably below that: More than one-third of scheduled bus runs were not made in the city of Moscow, in Vologda, Voronezh, Kursk, Astrakhan, and Kaliningrad Oblasts, Khabarovsk Kray, and the Republics of Tuva and Chuvashia. One in three scheduled streetcar runs were not made in Ufa, Tomsk, Tver, Lipetsk, and Astrakhan. One in five trolley bus runs were canceled in Abakan, Barnaul, Vladikavkaz, and Tula.

There has been no improvement in transportation services for people working second and third shifts, 88 percent of whom use urban passenger transportation after work and only 6 percent—their own enterprise's buses. Dissatisfaction with the operation of urban transportation at night was expressed by 69 percent of surveyed bus passengers and more than half of trolley bus and streetcar passengers.

The survey showed that no work is being done to make transportation route grids more convenient for the population. As in previous surveys, only 46 percent of passengers surveyed do not have to change lines in commuting to work (school); 34 percent make one change, 17 percent—two, and 4 percent of passengers—three or more changes. One-quarter or more passengers have to change lines twice in commuting to work (school) in St. Petersburg, Moscow, Abakan, Novosibirsk, and Cheboksary.

Passengers experience a certain discomfort in using urban transportation because of lack of information on stops. Practically all passengers of buses and trolley buses, in response to the question as to whether the drivers announce the names of stops, answered "sometimes" or "no." Only one in six streetcar passengers answered this question affirmatively.

The survey conducted by statistical organs revealed passengers' opinion on measures that would help improve the operation of urban passenger transportation. Among them

were: maintaining schedules (noted by 32 percent of respondents), shortening intervals between runs (27 percent), modernizing the rolling stock (22 percent), opening new routes (11 percent), and restoring canceled routes (8 percent).

Migration Processes

The migration-caused increase in the population of the Russian Federation over last year exceeded 430,000 persons and was the highest in the postwar period. The migrant flow was distributed as follows:

	Total, thousand persons	Including:	
		urban areas	rural areas
Arrived—total	925.3	566.9	358.4
including from countries of:			
near abroad	922.9	565.3	357.6
far abroad	2.4	1.6	0.8
Departed—total	495.2	380.8	114.4
including to the countries of:			
near abroad	379.3	304.0	75.3
far abroad	115.9	76.8	39.1

The high positive migration balance is mainly the result of reductions in the number of Russians moving to near abroad countries. The number of such emigrants was 380,000, which was 1.7 times less than in 1992. Those moving to Ukraine numbered 190,000 as compared to 342,000 in 1992; to Kazakhstan—63,000, as compared to 94,000, respectively; to Belarus—47,000, as compared to 64,000; to the Transcaucasus states—15,000, as compared to 62,000; and to other states—64,000 as compared to 85,000.

As before, the population of Russia grew mainly due to the arrival of inhabitants of Central Asian states, the Transcaucasus, and Kazakhstan: They accounted for two-thirds (619,800 persons) of the total number of migrants to Russia. The number of those who have left the place of their former residence not of their own volition among all arrivals increased: In 1993 Russian Federal Migration Service offices registered as refugees and forced migrants 234,000 persons, or one in four immigrants.

A negative balance persisted in the interstate exchange between Russian and far abroad countries, Belarus, and Ukraine. Russian emigration to far abroad countries exceeded somewhat the level of previous years. As compared to 1992, 10,900, or 11 percent, more persons received permission to move abroad permanently from MVD [Ministry of Internal Affairs] organs, bringing the total to 115,900 persons. As a result of a decline in the

outflow of population to Belarus and Ukraine, Russia's migration losses dropped to 13,000 persons as compared to 170,000 in 1992.

In developing the data on foreign migration, information was received for the first time on the gender, age, and education level of migrants. It showed that as a result of population migration the country got 105,000 more children under 16, 261,000 more persons of work-capable age, and 64,000 more persons of retirement age. Migrants' distribution by age differed as compared to the structure of Russia's population at the beginning of 1993 in that the former had a higher share of work-capable contingents (60.7 percent as compared to 56.5 percent) and a lower share of persons above work-capable age (14.9 percent as compared to 19.8 percent, respectively). The distribution of migrants by gender was more even: There are 928 women per 1,000 men, with the average indicator for Russia being 1,131.

Among the immigrants, 18.6 percent had a complete or incomplete higher education; among the emigrants—respectively, 19.5 percent (22.8 percent of the number of those who left for far abroad countries, and 18.6 percent of those destined for near abroad countries). The share of persons with such education in the entire population of Russia was, according to 1989 census data, 13 percent. About 28 percent of migrants had secondary vocational training (19 percent according to the census).

POLITICAL AFFAIRS

Kuchma-Hrynyov Bloc Seen Likely To Split

944K1182A Lvov POST-POSTUP in Ukrainian No 12,
22-28 Apr 94 p A3

[Article by Mariya Kara, "The Death of the Interregional Reform Bloc (MBR)"]

[Text] The "historic" and "fateful" parliamentary elections ended by reinforcing the parliamentary corps with the implacable champions of "internationalism" and social justice in the East and the no less aggressive fighters for "nationalism" and social justice in the West. Although there is no shortage of both sets of "champions, and we are guaranteed more futile verbal battles between them and the continuation of the endless Ukrainian serial of "A Madman at the Microphone," that is not the point. A diverse and motley centrism has entered the arena of Ukrainian politics, the most controversial current of which is represented by the Hrynyov-Kuchma bloc, popularly known as the Interregional Reform Bloc [MBR]. The fate of this entity is very important for Ukraine.

The original version of the political orientation of the MBR was quite simple. In economic terms, this meant "moderate" reforms modeled on Chernomyrdin's the Civic Union's—a script for building an amorphous state capitalism for the "parties of moneybags" controlling the cleaned-up Communist Party treasury and for "unaccountable owners"—the nomenklatura and the corps of directors. In the sphere of statehood, the MBR was openly heading towards federation and crawling to Moscow, back to the familiar system of ideas and concepts. These were the declared principles. But reality has taken a different turn. The MBR set out on the election marathon armed with such popular slogans in the East as Russian as an official language, federation, ties with the CIS and, above all, Russia, and economic reforms. This enabled it to effortlessly "beat" all the national-democrats. However, having been put together in haste, haphazardly, and without much thought, the Hrynyov-Kuchma team that was elected to parliament proved to be unusually heterogeneous. The seed of discord was already present in the leaders. L. Kuchma, ex-party organizer, ex-director, and ex-prime minister, relied on the only support available to him—the directorial structures of the defense industry that he himself comes from. He was, is, and will be the spokesman for their interests, expressed by a formula as simple as H₂O: state paternalism, a vertical structure, a state feeding trough, no worries, and a single [economic] space with the maternal teat of the Russian defense industry and the industry of polluting smokestacks and eternal nonliquidity.

On the other hand, Hrynyov and his team represent the money of the Party nomenklatura that has been laundered through mixed ventures [MP], joint ventures [SP], limited liability companies [LTD], etc.; they specialize in castles in the air and rosy clouds. This group is interested in eternal chaos and fears a strong government, which

could put an end to their boisterous activity. The only common denominator between the two groups is their orientation towards Moscow. In addition, both these "leaders" have huge ambitions and a minimum of political culture.

The election results did not improve the situation. The MBR leaders in Dnipropetrovsk, Balashov and Co., suffered a devastating defeat because of unanimous opposition to Kuchma by practically the entire monolith of local directors and the party of power, headed by Pustovoytenko, whose favorite financial corns Mr. Kuchma had trimmed in the fight for the "market." They opposed Balashov as Kuchma's protege, even though essentially he is closer to Hrynyov's branch of the MBR than Kuchma's. As a result, the "disaffected" are inclined to blame Leonid Danylovych personally for this outcome. Things went even more badly in Zaporizhzhya and Kremenchuk, where the directors will not forgive Kuchma "until their dying day" for the case involving oil, the raids by law enforcement organs, and the formal terror they were subjected to during the MBR leader's tenure as prime minister.

Things were very difficult in the South, especially in Odessa, where Kuchma encountered something he had not anticipated—he was forced to support Hurvits and his team because the local Russian-speaking niche is firmly occupied by Forum, which is both anti-Hrynyov and anti-Kuchma. And so he put together an absolutely incongruous hotchpotch made up of Hurvits, the Communist Bodelan, and Rychahov, the vociferous Russian chauvinist from the Social-Democratic Party of Ukraine [SDPU]. Included on this same quasi-MBR slate were Mr. Shyshkin (the former procurator) and Mr. Yevdokymov (Union of Lawyers). In other regions, they took what they could, as long as they were Russian-speaking and not from Kravchuk's party of power. These two qualifications were decisive. They did not stop to think that these two categories cover a political spectrum as wide as the Black Sea.

As a result, a very heterogenous bunch of people rode into parliament on the shoulders of the MBR. Most of this crowd is of the already fairly well established species of regional business leader and much more rarely administrative and scientific origin. Their worldview is based on pure pragmatism. Building the state means building the economy. Most are young people without any ideological complexes, whose ideal is to live as the West lives. For this camp, Moscow is a point to push away from rather than a point of attraction. This youthful, Russian-speaking crowd fosters liberalism in *sensu stricto* [i.e., in a narrow sense]. They are very far from Kuchma's economic and Hrynyov's geopolitical orientations, because in their defense of "their earthly interests and the native Ukrainian feeding trough" they will prove even more aggressive supporters of statehood than all the national-democrats put together. The political membrane that separates them from the Party of Democratic Rebirth of Ukraine [PDVU], Rukh, and the Ukrainian Republican Party [URP] is very thin and will give way in

two or three months' time. They will consolidate not in the direction of the MBR, but in the direction of the spectrum named above. This camp's disillusionment with Kuchma was already in evidence at the congress of the USPP [Ukrainian Union of Industrialists and Entrepreneurs].

Meanwhile, twenty-four hours later, an event took place in a cosy and comfortable hall near the Ministry of Justice that defined the process quite clearly: the founding congress of the thirty-third party to register—the Human Rights Party [partiya "Prav lyudyny"]. To sum up this event very briefly, this was a very small and harmless meeting of liberal-democratic lawyers, headed by Mr. Onopenko, the minister of justice. The views of this esteemed company were one hundred percent identical to the views of businessmen and economists of similar orientation, only focused on legal issues—balancing the rights of the individual and the state, limiting state paternalism, "inherent rights," and other such liberal European classic concepts.

Among the founders of this new party are Shyshkin, Musiyaka (Kharkiv), and Sherepil (Sevastopol). As late as the eve of the congress, two of them were counted as members of the MBR. Taking into account that Shyshkin and the other lawyers from the South ran as a united front, it is not difficult to predict that they will group together in parliament. On the other hand, there is no hope whatsoever that this moderate centrist team comprised of national-democrats, the more sober segment of the party of power, and liberals will support Mr. Kuchma or Mr. Hrynyov in their "revolutionary plans." The Human Rights party will foster a market economy "like theirs" with the same enthusiasm as the liberal economists and work to evolve a legal system based on Western models.

In the heat of battle, the MBR rashly pulled through the remnants of the PDVU under its banners, losing Volodymyr Filenko, the politician most loyal to Hrynyov in this party, along the way. In contrast, most of those from this party who won seats cannot imagine themselves in the same team with Hrynyov in their worst nightmares. Thus, in parliament, a large segment of the MBR will wander over towards the party of power and the national-democrats.

There will also be a flight to the left. The reddish spectrum, which Kuchma gathered together across the land under the single slogan of "Down with Kravchuk!", will not long remain under this partocrat's control. And so, such figures as Bodelan and Rychahov and Co., whom Kuchma supported, will move to take their place under the banners of familiar color and join the more congenial company of Petro Symonenko and Oleksandr Moroz. Others will head for the party of power, which they left for the duration of the elections for purely tactical reasons.

The prognosis regarding the fate of the MBR is evident from what has been said above. This heterogeneous

group will unravel, causing the groups to which it gives political voice to do the same.

The liberal-democrats will unite with the more sober circles of national-democrats and will most likely abandon Kuchma. The Reds and reddish elements will support any leader from the ranks of the CPU, who has rid himself of all semicapitalist fancies. Consequently, they, too, will no longer need Kuchma. Hrynyov's moneybags will continue pursuing their own goals and will remain a separate group that has clashed with Kuchma's group. And the corps of directors and their party of power in the central industrial region will fight Kuchma as an enemy of their lobby interests.

In these circumstances, Leonid Danylovych may end up with very few supporters and lose a significant portion of the electorate in the South and East. Even now, their number is not very large in Right-Bank Ukraine. Thus the parliamentary faction of the MBR may become a political myth.

Political Forces in Parliament Analyzed

944K1203A Kiev NARODNA ARMIYA in Ukrainian
28 Apr 94 pp 1, 3

[Unattributed article: "The New Parliament: In Anticipation of Compromises? Some Thoughts After the Elections"]

[Text] The 1994 elections have provided a genuine criterion of specifically what the concept "political party" means for the population. It was revealed that—due to the throngs of independent candidates—voters were inclined to prefer persons who represent those political forces with whom they can identify as to convictions and personal likes. Given the lack of well-known names on the ballots of most Ukrainian election districts, for many voters a candidate's political affiliation became almost the only criterion of his convictions. Moreover—as attested to by data from pre-election sociological polls conducted by the "Democratic Initiative" Center—candidates' party affiliation was a plus for 71 percent of the voters. The information which motivated a voter identified his convictions with certain stereotypes of public opinion: the communists—with a revival of the super-state and a "Brezhnev-type" economic stability, or with "Russification," repressions, and hunger; the nationalists—with strength and order, or with hostility and rancor; the professionals and centrists—with economic reforms, or with marking time. Also of great importance for the course and end results of the elections were regional specifics—the decline of prosperity in Ukraine's traditionally industrial regions added to the votes cast for members of the communist and socialist parties. The socialists influenced voters by their special interests in solving the problems of rural inhabitants and those of Western Ukraine—a region which has traditionally favored right-wingers. Quite a few voters in Galicia and in Central Ukraine gave

preference to those representatives of the national-democratic forces who advocated a path of gradual political and economic reforms. As a result, out of the 340 deputies to the new parliament, a preponderant majority (242 deputies) represent political parties.

The practical activity of this past parliament indicates that—one way or another—non-party deputies still gravitate toward this or that political force. From this point of view it seems feasible to present the non-party Ukrainian people's deputies within the general context of political forces in our country's newly elected highest legislative organ.

Representatives of Right-Wing, Non-Democratic Forces

As expected, the right-wing political forces were unable to achieve any great success in the elections. Despite all the advertising ballyhoo, none of the leaders or members of the extreme right-wing Social-National Party of Ukraine could "make it" even to the second round. And of the persons supported by the associations known as the "State Independence of Ukraine," only Anatoliy Makhlay "made it" to the second round in the Vinnitsa region, but he lost therein. The Ukrainian Conservative Republican Party came through the elections with slightly better results. The leader of this party—Stepan Khmara—was elected in the very first round, and a member of this party—Roman Kuper—prevailed in the second round. A certain degree of success was also achieved by the UNA [Ukrainian National Assembly]. The following three candidates of the UNA were victorious in the election "lottery": Yuriy Tym, who "captured" the votes of Chortkov's voters right in the first round, Oleh Vitovych, who "got by" the chairman of the Lvov Oblast Council—Mykola Horyn—and Yaroslav Illyasevych, who beat the well-known economist—Zoryslav Romovskyy. The practical work of the parliament will show whether Ukrainian politics will be influenced by this 0.9 percent of the deputies' seats which have swung to the right.

National Democrats

The best results among the right-wing parties were achieved by the KUN [Congress of Ukrainian Nationalists]. Although the leader of the KUN—Slava Stetsko—was unable (for reasons beyond her control) to take part in the struggle for a deputy's seat, three members of the KUN—Roman Krutsyk, Ivan Bilas, and Mykhaylo Ratushnyy—were elected to the office of Ukrainian people's deputy in the very first round, and in the second round three more members of this party were victorious—Hryhoriy Demyan, Taras Protseyat, and Lev Glukhivskyy. One deputy—Petro Shvydkyy—will represent the political position of the Nationwide Movement of Ukraine in the parliament; its leader—Larysa Skoryk—was not elected to the parliament.

These elections turned out to be a stunning defeat for the KNDS [Congress of National Democratic Forces]—a fact which many analysts have connected with the erroneous tactic of the KNDS in supporting structures which

have lost the trust of Ukrainian voters. Elections were lost by the leaders of the association—Mykhaylo and Bohdan Horyn, Mykhaylo Batih, Roman Ivanychuk, Pavlo Kyslyy, Dmytro Pavlychko, Oles Shevchenko, and Oleksandr Hudym. It is already clear that this political force has no future prospects, and even its members acting separately will not be able to create a strong faction in the parliament. Although two members of the Democratic Party—Volodymyr Mulyava and Stepan Volkovetskyy—were able to become people's deputies as a result of the very first round of elections, this party's chairman—Volodymyr Yavorivskyy—was unable to win right away. And, therefore, the parliamentary faction of the Democratic Party, which consists of five members of parliament, will not be able to play an independent role. The situation in the Ukrainian Republican Party is similar. The absence of this party's leaders in the parliament will certainly not be compensated for by its deputization of nine members, among whom the best-known are Mykola Horbal and Yevhen Pronyuk.

The success of the NRU [People's Movement of Ukraine (Rukh)] in the first round of elections can be termed an event worthy of amazement. The election during the first round of this party's leader—Vyacheslav Chornovil—plus its leading activists—Serhiy Holovatyy and Les Tanyuk—as well as Volodymyr Lanovoy, whom Rukh supports, together with a continuation of the election struggle by 43 NRU members and 45 independent candidates also supported by Rukh, attests to the fact that the NRU faction in parliament will become the nucleus of the national-democratic opposition; the latter will be joined by the remaining deputies with the same orientation. The elections have dispelled yet another myth concerning the NRU—namely that this organization is predominantly one of a Western Ukrainian nature. During the second round Rukh representatives came to the fore in almost all the election districts in Kiev and Kiev Oblast, as well as in many districts of Vinnitsa, Dnepropetrovsk, Kirovograd, Sumy, Kherson, and Zaporozhye oblasts. As a result of this second round of the elections, the NRU faction—with 32 members of parliament—has clearly emerged as the largest parliamentary faction of national democrats.

Despite the defeat of its leader—Vitaliy Zhuravskiy—the Ukrainian Christian Democratic Party still has two deputies' seats and sent non-party candidates to fill another three deputies' seats; they were supported by the "Ukraine" Democratic Association, which is under the leadership of Levko Lukyanenko. Six representatives were elected to parliament from the non-party organization—the Union of Ukrainian Officers.

Right-Wing Centrists

Even more modest were the results achieved by the once-powerful Party for the Democratic Rebirth of Ukraine. One of its ideologists—Ihor Koliushko—won the election marathon right away thanks to support from the "New Wave," which is influential in Galicia. And another two members of this party—Taras Stetskiv, who

also came from the "New Wave," and Serhiy Sobolev—won a competitive struggle in a different precinct. To be sure, Sobolev would probably have been assured of support in any case not only from the PDVU [Party for the Democratic Rebirth of Ukraine], but also from the MBR [Inter-Regional Bloc for Reforms]; however, the leader of this party—Volodymyr Filenko—was not helped to win by such "double support," and he has dropped out of the parliamentary game. The Social Democratic Party of Ukraine remains on the brink of defeat, from which it will be difficult to escape.

Independent Candidates

Among the 108 non-party candidates who were elected to parliament, 17 have taken political stances somewhere between the left-centrist parties and the centrist, pre-election blocs. To be sure, it is quite difficult to find glaring contradictions between the former vice-premier Lanovyy and the president of the Ukrainian Financial Group, Babych. It may well be anticipated that the people's deputies who belong to this group will—in the various parliamentary discussions—be on the side of or in favor of the Rukh-type national-democrats (Holovaty, Pynzenyk). Moreover, we cannot absolutely rule out the formation of a separate parliamentary faction or a centrist-type Inter-Regional Bloc for Reforms.

Centrists

The 1994 elections were not good elections for centrist political parties. The chances of the MBR to secure victory for certain of its members obviously did not correspond to its clamorous advertising activity. The leader of the MBR—Leonid Kuchma—and his "comrade in the party"—Oleksiy Dmytrenko—won during the first round; but during the second round the MBR added only 10 deputies. Moreover, the Bloc's other leader—Volodymyr Hriniv—was able to win only with great difficulty. It is possible that the MBR, together with 2 deputies from the Civic Congress of Ukraine and another 1 from the Liberal Party of Ukraine, 2 independent Crimean deputies, and 25 businessmen, whose pre-election programs were not essentially different from those proclaimed by the MBR, will be able to form some kind of centrist nucleus within the parliament.

Left-Wing Centrists

These political forces are characterized by a greater orientation toward supporting the state sector of the economy than is the case even with the MBR. This is true inasmuch as there are a great many representatives of the power structures among the members of the left-centrist parliamentary trend. Among these 66 deputies (19.6 percent) one can single out certain subgroups: 24 directors of large-scale industrial enterprises, 9 representatives of local councils, 19 representatives of the government and state administrations at various levels, 4 editors of newspapers, and 4 representatives of law-enforcement organs. With regard to the remaining representatives of this parliamentary group, we could relegate another 26 (7.7 percent) members of parliament—

members of the Peasant Party of Ukraine who advocated the path of prudent, sensible, evolutionary changes in the former composition of the Supreme Council—to this parliamentary faction. Although many representatives of the Peasant Party of Ukraine's power structures (for the most part, chairmen of collective farms or their deputies) were supported during the elections by the Communist or Socialist parties, right now it is hard to say whether this circumstance is still of decisive importance during the parliamentary voting and whether it was useful for stimulating the electorate.

Left-Wingers

It would also seem obvious that it is hard to discern the difference between the left-centrists and the left-wing political forces. The grounds for such a differentiation may be seen, however, in the fact that only one representative of the Peasants' Party of Ukraine—Oleksandr Cherenkov—was entered on the lists of deputies as a member of the CPU [Communist Party of Ukraine]. On the other hand, it is difficult to see any essential difference in the political orientations of the official-left-centrists and the five representatives of the Labor Party, among whom are also several members of the Ukrainian government. Be that as it may, the left-wing forces have acquired significant representation in the parliament. Such a conclusion could have been drawn even after the first round of the elections, in which victories were gained by one of the leaders of the Socialist Party of Ukraine—Volodymyr Marchenko—and the first secretary of the CPU Central Committee—Petro Symonenko. On the whole, left-wing forces are represented by 114 (33.8 percent) of the deputies' seats.

It is difficult to unequivocally assess the results of the elections for the left-wingers. Of the 29 members of the Socialist Party of Ukraine and those persons supported by that party, only 17 managed to win deputies' seats. Of the 153 contenders for deputies' seats from the Communist Party who made it to the second round, 85 were elected to the office of deputy, while another 5 members of the Communist Party of Crimea also won deputies' seats.

However, such a number of contenders from the left-wing forces cannot be regarded as sufficient for a parliamentary majority. Furthermore, the elections demonstrated that the left-wing forces are quite heterogeneous. For example, the political programs set forth by members of the Communist Party of Crimea are characterized—more so than the others—by the motif of "Slavic unity," whereas the predominant majority of the Communist Party of Ukraine's deputies consists of representatives from Lugansk and Donetsk oblasts, from the Crimea, and—to a certain extent—from Zaporozhye Oblast. Such a "regional" approach by the communists may be largely attributed to a nostalgia among the voters in these regions for the times when average wages there were 20-25 percent higher than for Ukraine as a whole.

Although the newly elected parliament has not yet begun its work, some preliminary forecasts regarding its activity can be made already. The composition of this new parliament provides scant grounds for anticipating its ability to work effectively. Analysis of the election results from the 110 election districts bordering on those where people's deputies were elected indicates that the subsequent election of deputies will hardly make any substantive changes in the composition of the Ukrainian Supreme Council. There is no complete parliamentary majority, and the parliament will inevitably split on most of the matters to be brought up for a vote. The supporters of a certain economic course will most assuredly have to be satisfied with creating not exactly a faction, but rather certain tactical blocs for the purpose of solving particular problems.

The election results attest to the fact that quite a large group of Ukrainian political figures have henceforth lost a parliamentary rostrum. Furthermore, the Supreme Council has lost such political antagonist as Filenko Fokin, Skoryk, Barabash, Altunyan and Meshcheryakov, the Horyn brothers and Kotsyuba, Charodeyev and Shevchenko, Pravdenko and Matviyenko, as well as many others. The extra-parliamentary factor of the pressure which will flow from these politicians in Ukrainians' public life will also have its own influence. "Compiled" specially for NORODNA ARMIYA

Morozov Performance as Defense Minister Assailed

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4-10 May 94 (signed to press 3 May 94) p 5

[Article by Vladimir Kolinko: "Former Minister's Legacy"]

[Text] Kiev—A portrait of former Defense Minister Konstantin Morozov, a principal candidate for the office of president of Ukraine, has been published in the nationalist UKRAINSKAYA GAZETA. The ex-minister has been demonstrating an enviable political assertiveness as of late. He is sharply criticizing the present Ukrainian leaders. In a book that has just appeared, for example, he ruthlessly shows the hypocrisy of the president of Ukraine, publishing details, carefully concealed by the Ukrainian side, of the Massandra negotiations between Yeltsin and Kravchuk. The ex-minister's critical attacks are being given credence, it would seem. But is there anything positive and creative in his political experience permitting a moral claim to the presidency?

...Major General Konstantin Morozov, commander of the 17th Air Army, was appointed minister of defense after the August putsch of 1991, when he appeared to be virtually the sole commander in Ukraine who supported the idea of the creation of independent armed forces. In fact, Leonid Kravchuk had no choice in this appointment. The main role at that time was performed not by

military professionalism and breadth of outlook but political orientation and trustworthiness.

Virtually the sole achievement of developed socialism in the USSR were the armed forces. Ukraine had the best part of them, both organizationally and technically. So that in the creation of its own armed forces there was no need to perfect or modernize anything. It was sufficient to preserve what had been acquired, changing merely the system of the chain of command.

But the minister of defense went his own way. He began the organizational development of the armed forces with the ideologization of the army. Ukraine had decided that the soldier's main weapon was his selfless patriotism. A so-called sociopsychological service of the armed forces was formed. Whereas previously political officers had coached the career personnel in the postulates of the classics of Marxism-Leninism, they now began with the same zeal to inculcate the ideas of Ukrainian sovereignty. A campaign to eradicate from people's memory the heroic pages of the history of the Soviet Army was mounted. The straightforward implantation of the traditions of the Ukrainian Insurgent Army and the ideology of Petlyura, Bandera, and Mukheвич began in place of this. Konstantin Morozov appointed to the position of leader of the sociopsychological service Vladimir Mulyavu, who had in two years made dizzying career progress from sergeant of the reserve to major general in the field.

This patriotization turned out as might have been expected: nihilism, increased desertion, and the flourishing of hazing.

Konstantin Morozov removed from the leadership of the Ministry of Defense the best professionals—for, more often than not, the simple reason that against their background the professional level of the minister himself seemed quite insipid. Thus General Sobkov, chief of the Main Staff, General Oleynik, deputy minister for armament, and General Ignatenko, deputy minister for personnel, quit their posts.

An idea that has as yet no counterpart in the armed forces of other countries, on the other hand, was realized: unification of the navy and the air defense forces. It was in this way confirmed that in military matters Ukraine would be going its own, original way.

Considerable losses were sustained by military research and military education thanks to the activity of the newly fledged General Yuriy Prokofyev, who was appointed chief of the Ministry of Defense Directorate of Education. Of the 34 academies and schools, he retained only nine military training institutions, having eliminated, for example, the Kiev Combined-Arms Command Military School, one of the best in the former USSR, and having destroyed during the reorganization the unique equipment of a number of training centers.

...Mariya Cherednichenko, an inhabitant of the Onufriyevka community of Kirovograd Oblast, believes that

army commanders made her son a criminal. After having been drafted into the army, the young man ended up in a strategic aviation unit not far from Kiev. The Busol association, which uses military aircraft for commercial transportation, operates at the long-range bomber unit base, apparently. The stores for housing arms and military equipment were stuffed with footwear, clothing, perfumery, home electronics, sugar, butter—goods which practical fellows from the Caucasus were ferrying on military aircraft on commercial routes known only to them. At night the soldiers would be roused at the command of toughs in leather jackets to load up another aircraft.

Guarding the storehouse with the commercial odds and ends, Mariya Cherednichenko's son was unable to withstand the temptation, stole, was caught, and was committed to trial. "I am not excusing him," his grief-stricken mother says. "But I did not send him to the army for him to guard the property of profiteers and mafiosi who had built a thieves' nest in an operational military unit..."

In Konstantin Morozov's years at the helm of power the army became a huge proving ground for economic activity.

Inasmuch as in the former Soviet Union Ukraine had, as a consequence of its geographical location, been the key component in a possible conflict between the countries of NATO and the Warsaw Pact, the republic was literally larded with the most modern military equipment and represented a principal arsenal of the USSR. Aside from this, an immense quantity of military equipment and munitions had been concentrated here in recent years in connection with the withdrawal of Soviet forces from the Warsaw Pact countries and Germany. With Ukraine's proclamation of independence, all this material wealth became its property.

And, simultaneously, a base for criminal business.

As Grigoriy Olmechenko, colonel of the Security Service and people's deputy of Ukraine, believes, a substantial part of the \$12-16 billion which annually ends up in overseas banks in the personal accounts of a few hundred citizens of Ukraine is the result of commercial deals involving military hardware and equipment.

Theft and economic crime have affected all army strata: from the privates through the generals. The crime list abounds in reports of the sale by soldiers of grenades, automatic weapons, pistols, and grenade launchers stolen from military stores. The level of the "commercial activity" of the officers is somewhat different: the sale for cash of trucks, tractors, bulldozers, equipment, gasoline, and building materials which have allegedly been written off.

As far as the generals are concerned, the horizons of activity are far wider here.

In accordance with an order of Konstantin Morozov, a Commercial Center for the sale of military equipment and weapons was formed more than two years ago under the auspices of the Ministry of Defense. The monies earned were to have been channeled into the construction of housing for the servicemen (several tens of thousands of officer's families are without apartments in Ukraine today).

But it was ascertained right from the start of the center's activity that even the highly modest monies which it was earning were being channeled mainly into the replenishment of accounts in various banks, foreign banks included, for the purchase of prestige automobiles for the generals. The Commercial Center was created, incidentally, in defiance of legislation of Ukraine, was not a legal entity, and was not, therefore, licensed for the activity in which it was engaged. The deputy prosecutor general wrote to Konstantin Morozov about this 18 months ago. He did not receive a response to his message, and he himself was retired shortly after.

The Commercial Center, meanwhile, was involved in very curious actions. Such as, for example, the deal involving the sale of 13 warships, including the Lenin-grad, Provornyy, and Komsomolets Ukrainy ASW ships, the Dmitriy Galkin tender, and several patrol craft for a total of... just R35.1 million! In experts' opinion, this is tens of times less than their true worth. At least, as was ascertained subsequently, the Ukraina-AKHTIAR joint-stock partnership, which acted as the middleman, made some R129 million for just two ships from these 13.

At approximately the same time the Commercial Center sold various authorities eight military bases and three individual buildings and did so in such a way, what is more, that the Ministry of Defense of Ukraine was caused a loss of more than R110 million.

Such transactions followed one after the other. Information to the effect that approximately 80 tanks were sold abroad last year and that the proceeds constituted only \$375,000 filtered into the Ukrainian press.

And although the Commercial Center was ultimately disbanded, the public never heard of any of its leaders being punished.

Although, no. There was one such instance, but in accordance with the well-known rule of "rewarding the nonparticipants, punishing the innocent." This happened when 23 Tu-16 long-range bombers were written off at a military unit located in Lvov Oblast. The Commercial Center concluded a recycling contract at that time not with the state-run Ukrtvortsvetmet, as required by law, but with the Asper (Kiev) small enterprise. The value of the 23 bombers being written off was put at 1.2 million Ukrainian karbovantsy. According to the commodity-exchange rate, however, a tonne of such scrap metal has a value of not less than \$1,000. The agreement was signed by the leaders of the Commercial Center with the blessing of Lieutenant General G. Zhivitsa, deputy chief of the Ministry of Defense of

Ukraine Main Staff. When, following the intervention of the Security Service of Ukraine, however, this deal was canceled, the person punished was... Major Gubanov, the commander of the military unit at which the Tu-16 bombers had been based. A person who had had nothing to do with the deal concluded in Kiev.

General Vladimir Tolubko, leader of the "hawks" in the Ukrainian parliament, who has insistently demanded the preservation of nuclear weapons in Ukraine, has prospered and continues to prosper. Appointed 18 months ago the leader of the Kharkov Military University, he has shown himself there to be primarily a magnificent businessman. And it is not only a question of his apartment-dacha epic, which was successful, but which raised a considerable clamor. The general has conducted a number of large-scale commercial transactions: He has sold for a pittance practically new trucks in the guise of ones that had been written off and leased to commercial entities premises of the military university with an area of more than 3,000 square meters (what price a military secret here!). And the university understands full well why tens of millions of karbovantsy have been transferred to the Dobrodiy Commercial Bank: The general himself is a cofounder of this bank. I have absolutely no reason to believe that the former minister was involved in this malfesance or that he is in the least way mixed up in dirty machinations. But what use is a leader who cannot bring if only elementary order to bear in the area entrusted to him?

ECONOMIC AFFAIRS

Ukraine Minister on Integration of Economic, Ecological Reform

94WN0263A Kiev HOLOS UKRAYINY in Ukrainian
20 Apr 94 p 6

[Article by Vasyl Shevchuk, deputy minister of environmental protection of Ukraine, doctor of economic sciences: "The Effect of Harmful Wastes. Ways To Integrate Economic and Ecological Reforms in Ukraine"]

[Text] Centralized administration of Ukraine's economy over a prolonged period of time caused it to develop with huge structural disproportions. The ecological problems it inherited are primarily the result of the improper use of natural resources.

The inefficient economic system with ownerless property and administrative redistribution of funds promoted wasteful use of resources and inefficient energy consumption in monopolized production. Heavy industry with its resource-intensive technologies accounts for 61 percent of the gross domestic product in Ukraine's economy as against 34 percent in the economies of EC countries. The power-output ratio in Ukraine's gross national product is the highest among the countries of the former Soviet Union. It is nine times higher than in the countries belonging to the Organization for Economic Cooperation and Development

[OECD], and nearly four times greater than in countries with higher than average per capita income.

This is what has created the "Ukrainian phenomenon" in the economy, which combines world prices with meager wages and a scarcity of goods. This same situation provides a key to defining the ways and methods for conducting economic reforms. The transition from centralized planning to a market economy must also include improving the environment by imposing harsh penalties for massive, unwarranted squandering of resources.

The principal factors that could promote progress in improving the state of the environment include ending political and administrative interference in price formation and setting wage rates, introducing a system of incentives through taxes and payments, using economic methods to equalize starting conditions in state enterprises and sectors, eliminating the interdependence of prices and revenues and material outlays, demonopolizing and restructuring production potential, restricting the access of enterprises to government money (budget restrictions), and abolishing subsidies for the use of such natural resources as energy, minerals, and water.

The decline in production is significantly reducing pollution. Market reforms provide an opportunity to preserve and reinforce this effect for the next decade by encouraging a shift towards resource-conserving and clean technologies and forms of activity. As industrial capital renewal proceeds, the dumping of most substances that pollute the environment can be maintained at a stable level or even reduced if there is rapid economic growth. Industrial restructuring will affect water pollution to a lesser degree, because most of these wastes come from agriculture, household plots, and public utilities. Consequently, in the long term, attention will have to shift from air to water pollution.

In the process of economic reform, we may discover advantages in stimulating investments in environmental protection in the private sector, especially if it can reduce undesirable results. Investments in environmental protection in the industrial and power sectors must conform to the lowest-cost principle and to the process of making decisions in the private sector. On the whole, the key factor in improving the state of the environment lies in the integration of environmental needs with the structure of sectorial policy. Abolishing subsidies for energy will result in reducing consumption and promote the use of new resource-conserving and cleaner technologies.

As a result of the critical shortage of available resources, divergences between economic and environmental interests will grow. Some of the old enterprises will continue to operate, because closing them would cause substantial social losses. Such enterprises must be required to implement environmental protection measures that do not require large financial outlays. Improvements can be achieved at most old enterprises simply by introducing

"efficient management" (more painstaking repairs, combatting waste, installing improved regulating and monitoring equipment, applying more stringent standards in managing production and processing methods). These measures are very important, because it is not possible to introduce clean technologies on a large scale until new markets for the sale of various kinds of production are created and until the economic capability of enterprises is assured.

Privatization will promote market reforms. The government can speed up privatization and promote progress in the field of environmental protection by establishing clearly defined rules regarding responsibility for causing damage (harm) to the environment in the past and by making new owners liable for all pollution by toxic substances that results from their activity. In many cases, the state itself must assume responsibility for causing damage to the environment in the past. An audit of balance sheets (inventory) in the field of environmental protection must be conducted immediately in order to distinguish between the pollution caused in the past and that being caused now. And if production at privatized enterprises does not meet the necessary standards, stricter antipollution standards should be gradually phased in.

In the future, the structural reorganization of industry will lead to a reduction in the harmful effects of pollution on human health in a specific region as those employed in inefficient and harmful industries, which are subject to closing, are provided with opportunities to find new jobs, as economic activity picks up, and as the surviving enterprises accumulate sufficient funds to invest in new technologies.

Conducting an ecological and technological audit will enable us to collect the most important data on enterprises that do not lend themselves to privatized operation and to plan tasks for the short term.

In an economic system based on achieving gross production indicators, the state allocated less than half a percent of the gross national product for environmental protection, which failed completely to compensate for the damages and losses caused by the technogenic volume. Until now, an enterprise's economic liability for polluting the environment has been purely symbolic and has not exceeded 1.5-2.0 percent of its profit.

The creation of a new economic system of environmental use and environmental protection measures as part of the transition to a market economy must become an integral part of the system for managing and regulating the economy.

The principal elements of this economic mechanism must be:

payment for special use of natural resources;

payment for polluting the environment;

a system for financing and extending credit for environmental protection measures (state and local budgets, environmental protection funds, banks, enterprise funds, foreign investments, etc.).

To ensure that these fundamental goals are achieved and to create a system for financing environmental protection measures, a fixed percentage of the gross national product must be earmarked in the state budget for spending on measures to protect the environment. According to estimates prepared by the ministry of environmental protection and the ministry of the economy, this amount can and must be no less than 0.9-1.0 percent of the GNP. The greater portion of this money should come from payments for the special use of natural resources (water, minerals, etc.) and payment for land. The remainder of the environmental protection costs should be met by the local budgets, ecological funds, and the enterprises' own funds. An effort should also be made to encourage the development of ecological business enterprise and the extension of credit by banks for investment in environmental protection. Taking into account the present ecological state of Ukraine, it is necessary to increase the proportion of environmental protection expenditures to 3-5 percent of the GNP.

The funds earmarked in the state budget of Ukraine for environmental protection measures should be kept separate and used to finance priority national and regional programs and measures. The construction of environmental protection projects using centralized capital investments must be conducted on the basis of government contracts. The ecological funds and banks must protect these funds against inflation. It is also necessary to create a favorable climate for investments and an effective system of realizing foreign investments in the Ukrainian economy in general, as well as in the protection of the environment.

Plyushch Discusses Various Aspects of Chernobyl Issue

944K1165A Kiev HOLOS UKRAYINY in Ukrainian
26 Apr 94 p 2

[Interview with Ivan Plyushch, chairman of the Supreme Council of Ukraine, by Anatoliy Mykhaylenko; place and date not given: "To Survive, Mankind Must Master the Lessons of Chernobyl"—Said Supreme Council Chairman Ivan Plyushch in a Conversation with our Correspondent"]

[Text]

[Mykhaylenko] Ivan Stepanovych! Eight years have passed since the day of the tragedy that affected not only all of Ukraine, but, as we now know, the entire planet. Much has been said about Chernobyl, but not everything. As chairman of the Kiev Oblast Executive Committee at the time, you took part in liquidating the effects of the accident from the very first day. However, in all these years, you have virtually kept silent, only rarely referring to your participation. In light of all that we now

know about Chernobyl and in light of the office that you held, is it not time to return to those days in April of 1986?

[Plyushch] I remember the first fire I ever saw. This was after the war, and it was my aunt's house that was burning. The memory of that fire has stayed with me all my life. Since that time, I have known the rules at work at a fire. First, there is the superstitious belief that you must not take anything from the site of the fire because it brings bad luck. Second, people rush to a fire to help: to carry water, or to beat down the fire, but not to stand by and pass judgment. And no one I knew ever bragged that he had done the most to put out a fire. In other words, when that terrible Chernobyl fire, that global catastrophe, broke out, the first thing we had to do was to put it out.

I think that everything that has been said and written about Chernobyl consists of first impressions and does not tell the whole truth. These things do not begin to explain the real meaning of Chernobyl, why it happened, and what needs to be done to make sure that nothing like it ever happens again.

[Mykhaylenko] Do you believe that the whole truth will be told in our generation's lifetime?

[Plyushch] That will depend on the direction in which our society moves. If it evolves in the direction set down in the Declaration on the State Sovereignty of Ukraine, I am certain that we will still have the opportunity to say and write and hear the whole truth. Above all, about the real causes and effects of this accident. I urge you to read Vitaliy Sklyarov's book, *And Tomorrow There Was Chernobyl*. I wrote a foreword to the book, in which I stressed the service that Sklyarov performed by describing the Chernobyl problems. As a citizen and a professional, as a person who was in Chernobyl from the very beginning, he told the truth. We were there together, getting covered with radioactive dust together and washing it off together at the bathhouse of the rayon electric power system.

[Mykhaylenko] Perhaps I was not completely accurate when I said that you have kept silent all these years. Undoubtedly, many people remember the speech you made at a session of the Supreme Council of Ukraine on 16 February 1990 during the discussion about the ecological situation in Ukraine. You spoke of Chernobyl in a way that none of the party or state leaders of the time dared to speak. In effect, you accused the then existing system from a high tribune of causing Chernobyl to happen. Were you not afraid to say this at the time?

[Plyushch] After a tragedy of that magnitude, after everything I had seen and experienced firsthand at Chernobyl, there was nothing left to fear. Following a meeting of the Government Commission in Chernobyl that ended in the early hours of 1 May 1986, I had to return to Kiev because a blood test showed that the dose of Roentgens I had received exceeded acceptable levels. Shcherbyna, the commission's chairman, surprised me

by saying to me: "Ivan, you have turned out to be a weakling." Not understanding the real meaning of his words, I took his remark as a verdict that meant the end of me.

By fall, my blood had returned to normal, and on 15 September I took up the watch a second time, this time to put the ill-fated third reactor in service. It had to be put into operation by the October anniversary celebrations no matter what. To make it appear as if nothing had actually happened at Chernobyl.

Thus, anyone who experienced Chernobyl firsthand, anyone who went through the hell there, has nothing left to fear...

[Mykhaylenko] Let us return to your speech at the session. You said: "The Chernobyl accident was not an elemental calamity. There are specific culprits involved who should pay for the losses they caused." You then went on to name those responsible for the accident: the specific Union ministries and departments—the Ministry of the Nuclear Power Industry, the Ministry of Energy, and the Academy of Sciences of the USSR. Did these entities ever attempt to compensate the losses they caused, be it even partially?

[Plyushch] If we had lived in a civilized, rule-of-law state, then the departments which had run the nuclear power station for many years and earned large profits from it would have been compelled to pay for the losses. But the situation was quite different in the society in which we then lived. Although it was operated under Kiev's jurisdiction for the benefit of the whole Union and a number of foreign countries, the station did not contribute a single kopeck into the oblast budget. The local authorities had to carry out the station management's demands unconditionally and provide everything that was necessary for the maintenance of its personnel. We were all the station's drudges—the Prypyat city authorities, the oblast authorities, and even the republican government. Even Kiev had no jurisdiction over the Chernobyl AES. The station's managers feared only the Central Committee, because this body could expel them from the CPSU and that meant that it would take a long time to find another job. They disregarded all other authority.

When we were in the former Union, we worried where to get the one billion karbovantsi we needed to provide medical care for the residents of Kiev Oblast and to meet the needs of public education. This program cost 1.7 billion karbovantsi in the prices of the time. For a long time, we did not know where this money would come from. But when the Chernobyl disaster occurred, just in 1986 alone, close to 9 billion karbovantsi disappeared seemingly without a trace to cover the costs of liquidating the effects of the accident. For that, the money was found... But that was for putting out the fire as soon as possible.

Thus, no one in Ukraine believed that anyone would compensate us for the losses we had suffered. Although

the economy of the former Union was strong, and it was easier to liquidate the effects of the accident than it is now.

Ukraine's national economy is only rising to its feet, whereas, according to our modest and far from complete estimates, the work that needs to be done requires over 15 percent of the budget annually. This would be too much to handle even for developed countries.

Therefore, I would like to take this opportunity to apologize to the people who suffered losses and for whom the state is unable to show the concern they deserve. No matter how difficult things are for them, I ask them to be patient and be assured that as the national economy grows, the appropriations for their needs will also grow. Because it is hopeless to count on any significant aid from the outside world at this time. Of course, the European and world community, which is showing some interest in providing humanitarian assistance in liquidating the effects of the accident, could do more to help us in our trouble...

[Mykhaylenko] At that same session, you spoke of the need for an integrated state program involving large-scale scientific, medical, and socioeconomic measures. How urgent are these problems today, eight years later?

[Plyushch] Just as urgent as they were then. This program was developed and is being implemented. But we lack the funds to finance it adequately. I was present at a meeting of the Council of Europe in Strasbourg when they discussed the safety of the population that had suffered the effects of the Chernobyl catastrophe. Leading specialists from the International Atomic Energy Agency had prepared a thick volume of documents. But in their speeches, they argued that no definite conclusions had been reached whether, for example, it is safe for children to live in Kiev.

I said to them: "There are nearly 70 of you here, discussing a painful issue. After listening to the experts, you have reached the conclusion that science has so far not demonstrated that living in Kiev poses a danger to children. Yet we have no idea how this will affect their health in the future. Which of you will volunteer to go and live there yourself or send his children?" Everyone present at the meeting smiled sadly. I then said to them: I beg you not to draw any more such conclusions, because they are inhuman and cruel. Just because there is no money for financing assistance at this time does not mean that we need to prove that this program is unnecessary. No, we need to make an effort and look for funds. I believe that our public organizations need to be more persistent in their appeals to developed European countries and to other countries of the world for help—at least in providing medical treatment for children.

[Mykhaylenko] Four years ago you said that sympathy had been dulled for people who require maximum consideration and kindness. Has this insensitivity not increased even further with time?

[Plyushch] We have been brought up in the spirit of conducting campaigns. There were sowing campaigns, harvesting campaigns, meetings, celebrations, anniversaries, etc. And once these were over, we forgot about them. But Chernobyl is the kind of tragedy that only grows more painful with time. Even back then, in 1986, not all of those who should have been sensitive to human pain by virtue of the offices they held exhibited such sensitivity.

Only some five months after the accident, they were forcing us to return the people evacuated from 14 settlements to their homes. We returned people to two villages, but not the rest. I was crucified for this by high-ranking officials. I remember Col. Gen. Kozlov, who insisted at the time: "The commission members have already drunk water from the well, and yet you keep putting off bringing the people back into the zone." I told him: "We will not send the people back until we are sure that it is safe for them to live there." And we did not bring them back...

Naturally, all wounds heal with time. But Chernobyl is not an ordinary wound. This is the first wound of its kind in the history of mankind. It will hurt even more, and it will fester. Most radioactive elements need dozens of years to decay. The results will be known in about seventy or eighty years. It is our unlucky lot to be hostages of the atom, to be subjects of the largest ever experiment—to determine the effects of radiation on man and on the rising generation.

The tragic experience of Ukraine, which has been burned by nuclear fire, is not solely our internal affair. To survive, mankind must master the lessons of Chernobyl.

[Mykhaylenko] Yes, Chernobyl is a phenomenon of worldwide significance. But in all likelihood Ukraine will be left to fight its aftermath on her own. Speaking at the UN conference on the environment and development in Rio de Janeiro on 12 June 1992, you urged: "Let us make of Chernobyl a sphere of global partnership and joint actions to decontaminate the destroyed reactor at the Chernobyl AES, to decontaminate large territories of land and water sources, to bury the radioactive wastes, and to solve the painful human problems resulting from this catastrophe." There was also an appeal from the president of Ukraine to create an International Chernobyl Fund. Did the world hear these appeals?

[Plyushch] I have not missed a single opportunity when travelling abroad to broach some aspect of the Chernobyl problem. Just as I did at the international environmental forum in Rio de Janeiro, which was attended by representatives from 118 countries. These included such prominent world leaders as Bush, Major, Demirel, Mitterand, Castro... I cannot say that the world has remained indifferent. We received assistance. Although it was not always used in the best way possible. But these issues need to be repeated and raised at every European and world meeting in order to draw public attention to Chernobyl so that the world not grow complacent.

I would like to say some kind words about Cuba. This country is going through a difficult time. But the old popular saying still holds: a poor man is more generous. Cuba has assisted Ukraine in the past and is still providing assistance in the form of medical treatment for our children. We are sincerely grateful for this. I do not want to say that the rich are not helping, but their possibilities are much greater than Cuba's.

[Mykhaylenko] You stated that humanitarian aid is not always used in the best way.

[Plyushch] Our legislation requires that all aid be distributed under public supervision. The public organizes unions and elects the leaderships of these unions. When any kind of abuse is discovered, we look for someone in these unions to put things in order. These public organizations and the leaders of these organizations must be held accountable for any abuses that occur.

[Mykhaylenko] Such expressions as "before Chernobyl" and "after Chernobyl" have become part of popular usage. Just as once we had "before the war" and "after the war." What does this boundary mean to you personally?

[Plyushch] In my mind, this boundary has two dimensions. The first is that nuclear energy is a Satanic form of energy. I am convinced that Ukraine has not exploited all her available natural resources in order to not have dangerous nuclear reactors on her territory. Chernobyl was like a cold shower that sobered us up. If it had not brought us to our senses, there would be new reactors and nuclear power plants going up in Chernobyl, Crimea, and other places. In Odessa, there were plans to heat buildings using water from the nuclear heat and power station. Anatoliy Petrovych Aleksandrov used to say: the time is not far off when even peasant houses will be heated with nuclear fuel. Thank God that we never got that far.

The second dimension is that we feel the breath of Chernobyl every day on our health...

[Mykhaylenko] Speaking of global problems, it would be interesting to hear more of your firsthand impressions of the events in which you were personally involved during those terrible days.

[Plyushch] I heard the news of the accident at two o'clock in the morning at my dacha. They telephoned to tell me that a fire had broken out at the Chernobyl nuclear power station. It just so happened that a civil defense exercise had been planned for the next morning throughout the oblast!

I thought that perhaps the telephone call was part of the exercise, and so I rang the oblast administration of internal affairs. They confirmed that there had indeed been a fire at the fourth reactor but that the fire brigades had arrived and the fire had been put out. When I arrived at the oblast executive committee, I called the

civil defense headquarters. They informed me that they were determining the scope of the fire and the degree of danger.

At seven o'clock in the morning, we were gathered together by the first secretary of the oblast party committee and assigned our tasks in the planned civil defense exercise. Carrying out my assignment, I started out for the rayon where the reserve administration center was located. Instead of going to Chernobyl, we traveled in the opposite direction. When I reached Kaharlyk, I received a message that Shcherbyna, the chairman of the Government Commission, and other commission members were flying out of Moscow, and that I had been included in this group and should return immediately [to Kiev], meet them at the airport, and accompany them to the zone of the accident.

I did as ordered. From Zhulyany to Chernobyl, I rode in the same car with Academician Valeriy Oleksandrovych Lehasov, Borys Yevdokymovych Shcherbyna—God rest their souls—and Mykola Fedorovych Nikolayevych, the deputy chairman of the Council of Ministers of Ukraine. In Prypyat, we familiarized ourselves with the situation. At seven o'clock that evening, we held the first meeting of the Government Commission.

Shcherbyna reported to the highest leadership in Moscow that everything was normal, that the people were reacting normally, that several weddings had been held. At the same time, just in case, preparations were being made to evacuate the residents. Unfortunately, we were lying to ourselves and to the people. Not deliberately lying. Incidentally, the evacuation was conducted not because of radioactive contamination or radiation, but in case the reactor should explode. If there had been complete certainty that it would not explode, there probably would have been no evacuation.

This tragedy, more than anything, showed the "advantages" of our administrative-command, totalitarian system. On the one hand, a crudely low standard of technical design and equipment, and, on the other hand, a wholly unwarranted lack of concern and an irresponsible attitude towards people. Had anyone known that the time would come when they would be held responsible, no one would have built such stations...

[Mykhaylenko] You spent a lot of time in all at the station and in the zone, did you not?

[Plyushch] I think I spent a total of eighty-seven days at Chernobyl. A lot of days and a lot of Roentgens...

[Mykhaylenko] What do you think of the books about Chernobyl?

[Plyushch] I have tried to read the authors I know and whom I believe. I have no time to read books by those who wrote on the basis of the accounts of others. I recall one brochure by a doctor of physico-mathematical sciences who was also there from the first day. What he wrote was not long, but it was the truth. He also

mentions me. He describes that the chairman of the oblast executive committee was extremely economical and did not understand what was happening around him. To load the sand they were using to put out the fire in the reactor, the helicopters were landing on the clover. This was early spring, the grass had grown beautifully, and I ran around begging: "Careful, you'll trample a lot of grass!" I knew how badly the farms needed this grass. The author describes this with goodnatured irony. But this fact itself shows that we did not realize the real scale of the accident at the time.

[Mykhaylenko] There is frequent mention these days of the notorious May Day demonstration held that year. They blame its organizers... You remember it too?

[Plyushch] I do... I left Chernobyl at one o'clock in the morning of 1 May and arrived in Kiev sometime after three o'clock. In the morning, I was standing on the official reviewing stand, and it seemed to me that the tower on the trade unions building was swaying the entire time... I stood there until the demonstration was over and then went to the polyclinic...

Today we know that these festivities harmed people. But how could we have known this at the time, if a top ranking official in the USSR civil defense force reported at the meeting of the Government Commission: "Two buildings have already been washed down in Prypyat, there is zero radiation, the people can be brought back." Specialists and officials were sending such reports both to Kiev and to Moscow...

[Mykhaylenko] On what note would you like to conclude this conversation about the planet's greatest tragedy?

[Plyushch] Let us pray to God that the people of Ukraine and the world never experience another Chernobyl or anything like it.

Attitude Toward State Seen as Political Dividing Line

944K1172A Kiev *VECHIRNIY KYIV* in Ukrainian
26 Apr 94 p 2

[Article by Volodymyr Yavorsky: "Political Ruminations: Democrats, Nationalists, Communists and Others..."]

[Text] No one can deny that the majority of Ukrainians are extremely inert, both in politics and every aspect of human endeavour. This unbelievable passivity includes business, in which Ukrainian interests are by-and-large limited to narrow consumerism. "Go with the flow", "don't rock the boat," "don't look for trouble" and "don't think too much" are aphorisms that fit such people. This general apathy is the reason that other nationalities are beginning to dominate all new businesses and commercial enterprises.

This fact of life sharply differentiates Ukraine from other countries and a fact of life that Ukrainian politicians have to live with.

In practical terms this means that a small well-organized and determined group can take over Ukraine if it is dynamic enough. There is no need to bother with moral support from the Ukrainian masses. The latter will follow once they feel they are being adequately governed. The formation of a society always depends on a strong center of power, be it an individual or an organization, that has demonstrated a will to rule and organize.

What are the main political groups in Ukraine today? We hear mostly about democrats, nationalists or communists. What do they want? (Unfortunately, little is said about liberals and Russian chauvinists.)

There is much confusion about what they want and, in fact, about differences among them. This is largely due to misuse of terminology and a deliberate attempt by some politicians to obfuscate things rather than speak openly about their views.

Nevertheless, we shall attempt to clarify matters.

Every political group has an ideology that represents a value system and gives the group its name.

Democrats value the concept of democracy as the greatest good, i.e., a state of tolerance of various viewpoints.

Communists value the concept of the commune as the greatest good, i.e., communality, equality, and sharing.

Nationalists value the concept of the nation, i.e., preservation and protection of the national and cultural existence of a people.

Are these values contradictory and require a confrontation? Even if between the democrats and communists there is some degree of dissonance because of democratic tolerance and communist mandatory sharing of property, there should be no disagreement between communists and nationalists since their main values are not contradictory. Yet nationalists and communists are perceived as diametrically opposed forces.

Why should communists struggle with nationalists? After all, the most important thing to the communists is a communist society and to the nationalists a national Ukrainian state. The latter concentrate on statehood and the former on social order. The nationalists are unconcerned about the social order and the communists about Ukrainian statehood.

In short, there is no rational basis for a conflict between the nationalists and communists and they could cooperate in founding a communist Ukrainian state. Even the democrats could participate in this venture without too much trouble since a national state does not preclude

democracy. In addition, the philosophy of tolerance allows the democrats to reach an understanding with the communists.

In theory, all three groups could accommodate each other to some extent in Ukraine. But reality is something else, and we see an uncompromising confrontation between communists on the one hand and the democrats and nationalists on the other.

But the struggle in Ukraine is not for democracy or communism or an analogous philosophy, but for the very notion of statehood for the Ukrainian nation.

In addition to democratic principles, the democrats advocate national statehood which to them is just as important as democracy and for that reason they have been called national-democrats. The communists propose—more-or-less openly—liquidation of Ukrainian independence and resuscitation of the Russian-communist empire known as the USSR. In this they are in agreement with the Russian chauvinists who long for a Russian empire regardless of its social order.

The key question is whether communism or the Russian empire is the real preference of the communists in Ukraine. If communism is their primary goal then liberals, advocates of individual freedom and private property, should be their primary adversary. But that is not the case. The communists have targeted nationalists and national-democrats—not liberals or garden-variety democrats—as their primary enemies, i.e., advocates of the Ukrainian national statehood.

Accordingly, since their primary goal is the liquidation of Ukrainian statehood and renewal of the Russian empire, they are better identified as Russian communists/chauvinists rather than as simply communists.

It is imperative that we have a clear understanding of the political goals of every movement in order to understand the social processes occurring in Ukraine. Any confusion as to the orientation of the key players can have catastrophic consequences.

Every citizen of Ukraine should understand that the struggle in Ukraine is not about democracy, communism, capitalism, etc., but for the very existence of Ukraine and the Ukrainian nation. The political forces in Ukraine are divided into only two groups: for and against national statehood. The first category encompasses nationalists, national-democrats and other political movements (including Marxists) who support Ukrainian national independence. The second category is made up of communists or, more accurately, communists/chauvinists or simply Russian chauvinists and others who want to destroy Ukrainian independence.

Since the very existence of Ukrainian statehood is at stake we must take care not to be distracted by secondary issues such as democracy, communism, market economy, etc., at the risk of losing our independence. The people have to be educated to defend the Ukrainian

state against its enemies and not dissipate their energies struggling against communism or for democracy, capitalism or even Christian ideals. Ukrainian independence must be the primary goal for which we struggle. Other considerations are important but take a back seat when Ukrainian existence is at risk.

Harmful Pesticides Being Employed by Agricultural Sector

944K1188B Kiev ZELENYI SVIT in Ukrainian No 5, Apr 94 p 4

[Article by A. Panov and N. Preobrazhenska: "Be Careful—Don't Eat 'Kovboy!'"]

[Text] The Zeleny Svit [Green Earth] association had appealed to the General Procuracy of Ukraine as early as 1992 with the request to verify the facts of gross violations of legislation for the purchase and use of pesticides in agriculture.

The General Procuracy took up this issue and ascertained significant violations of the law, as well as financial abuses on the part of some officials. It was thus determined that Ukrahrokhim, the Radykap plant and the Ukrayina AG had been buying up hundreds of tonnes of pesticides in various countries whose use is prohibited in those same countries. The IkrDITOKS Institute, or more precisely its leaders, who should have been standing guard against the penetration of poisonous mixtures into Ukraine, gave permission for their use.

It has been established that the damages to the state as a result of the actions of these individuals are valued at 18 million dollars. Seven criminal cases have been filed based on these crimes. Investigation is now underway, but a question has arisen here: how can it be that we, ordinary mortals, are using pesticide products that are poisonous abroad? Not an easy question, the more so as the people affiliated with it are continuing their dirty work.

A governmental commission was created by request of the procuracy that was to halt the use of unsafe mixtures and punish the guilty officials, but this has not happened. Director M. Motuzynskyy and his assistants A. Podrushnyak, A. Bolotnyy and S. Omelchuk, removed from their positions at UkrDITOKS on the recommendation of the General Procuracy, were asked to be experts at the State Chemical Commission of the Cabinet of Ministers—that is, the chief judges of their own criminal actions.

The head of that state commission himself, V. Petrunyak, authorized the bringing of the unregistered mixtures into Ukraine. The chief sanitary physician of Ukraine, V. Mariyevskyy, who signed the authorization for the use in agriculture of a whole series of mixtures that are not safe for people, holds a senior position in the Ministry of Health to this day.

Carcinogenic, mutagenic and allergenic pesticides that are not even registered in the producing countries are being shipped into Ukraine with the blessing of high persons even today. And one can imagine what is being hidden on the farms if in the capital oblast alone—in Boryspil'skyy rayon—mixtures without even names were being produced. The kolkhozes in Obukhiv'skyy Rayon have been using Kovboy and Satis mixtures, which are not listed among those permitted. In Vasylikiiv'skyy rayon, clear of radionuclides, they are polluting their fields to a significant extent with pesticides, while in Poliskyy the Ahroindustriya Scientific-Research Center is offering farms the unregistered Kovboy. Wherever you look, we are thus being polluted, robbed and poisoned—and no supervisor is being brought to liability.

The Ukrainian Zelenyy Svit ecological association has appealed to the Cabinet of Ministers of Ukraine with the request for the immediate removal from their posts of the people who are promoting the poisoning of the already quite polluted Ukrainian lands through their unprincipled and criminal actions.

Zelenyy Svit is also appealing to the citizens of Ukraine: people, be careful! Demand complete documentation for pesticides and herbicides, and certificates for their use in agriculture. Demand, from monitoring bodies of stores and markets, guarantees of the quality of agricultural products. Do not permit the poisoning of yourself and your children.

Storage, Disposal of Toxic Waste Viewed

944K1188A Kiev ZELENYI SVIT in Ukrainian No 5, Apr 94 p 3

[Article by D. Khrushchov, F. Ovcharenko, B. Horlet'skiy, Ye. Motorin and Ye. Yakovlev: "Keeping Toxic Wastes From Sinking Into the Sea"]

[Text] Considerable amounts of highly toxic wastes (VTVs) from production in various sectors of industry have accumulated on the territory of Ukraine. These wastes are located in special storage areas on the grounds of the producing enterprises and in storage areas of various degrees of preparation outside the boundaries of those enterprises, as well as in unequipped dumps and random locations of unsanctioned burial areas.

Each of those places could be a hazard to the environment. The storage areas at the enterprises are most often concrete pools that are not safe against leakage as a consequence of technological defects, earthquakes, soil settlement and the entry of poisons into the atmosphere. Other locations of the VTVs are also not safe, with the poisons getting into underground and surface waters or carried off by the wind, animals and people.

Some 102 million tonnes of VTVs each year are produced in Ukraine today, with 22 billion tonnes of various types of uncategorized class I—IV wastes accumulated in storage areas (350,000 tonnes are buried in deep storage areas).

What to do with all of this stuff? It must be: 1) categorized (as much as possible) and 2) isolated. Useful components can be attempted to be extracted in recovery operations, with the rest used as a raw material, for example, in the production of building materials, glass and ceramic dyes. If that proves to be impossible, the wastes are immobilized (reducing the degree of hazard) by means of solidification, and encased in a matrix.

Two types of isolation are envisaged: long-term safekeeping and burial (final removal). Long-term safekeeping permits the extraction of substances that are preserved for final reprocessing to the extent of the development of new technologies and (or) burial. Requirements and technical specifications for the long-term safekeeping and burial vary. Storage areas at the surface, and sometimes the spent workings of mines and quarries, can be used for long-term safekeeping.

Burial can be safe only in stable geological formations. This requires the observance of a whole set of strict requirements, higher even than those for the burial of RAO—radioactive wastes. This is explained by the fact that in the opinion of some scientists, RAO loses its activity with the passage of time, while many VTVs retain their toxicity forever.

There are plants for the reprocessing and recovery of VTVs in many of the developed countries (United States, Germany, Australia and others). Methods of isolating them are being realized at the same time. Both surface-type storage areas and burial deep underground, chiefly in salt formations (Germany, Russia), are being used for this purpose. Both treated (for burial) and unprocessed (for long-term storage) wastes are being removed. There is experience in Russia in the creation of underground spaces using a contained explosion in clays for the burial of toxic agricultural chemicals (this method, true, has substantial shortcomings).

Ukraine scarcely has, or will have, ecologically clean technologies for the reprocessing and neutralization of VTVs today or in the near future, first and foremost for economic reasons. It would thus be expedient to develop technologies today for the isolation of VTVs, with their subsequent burial or placement into long-term storage. Ukraine has sufficient scientific potential to perform that work. Some has already been done—a system has been developed for the categorization of VTVs in accordance with international principles (based on the recommendations of the Basel convention), an information and analytical base has been developed and preliminary models have been developed for standardized technologies for the reprocessing and recovery of VTVs. Three geological regions have been designated that are potentially favorable for burial: the Ukrainian craton, the Dnipro-Donetsk depression and the northwestern Donbass. Plans have been developed for matrices for the principal types of VTVs according to the hydrogeological systems of the geological formations in which isolation is

possible, and the fundamental types of isolation sites and the basic technologies for building or equipping them have been planned.

The problem of handling the VTVs—their production, gathering, sorting, transport, reprocessing, recovery and (or) isolation—should be solved within the framework of a unified state program, and on the basis of a scientifically substantiated conceptual framework. The creation of such a framework would be the first real step toward protecting the citizens of Ukraine against toxic wastes. The scientists are ready. A collective has already been formed that includes prominent scientists and specialists from many scientific-research, design and production organizations—institutes of geological sciences, geochemistry, mineralogy and ore mining/creation, biocolloidal chemistry, geography, the State Committee for Geology, Kiev University and the Kievproyekt Institute, among others. It is now the turn of the government.

Railway System Facilitates Spread of Contagious Diseases

944K1185A Kiev ZELENY SVIT in Ukrainian No 5, Apr 94 p 3

[Article by Adam Hela, honored physician of Ukraine and chief physician, "Kashtan" Sanatorium, Truskavtsi, and Stepan Trokhymchuk: "Our Diseases Ride Railways"]

[Text] Misuse of our natural resources, environmental pollution and the generally poor state of sanitation have had a very negative impact on the health of our population. We wish to address one such problem and bring it to the attention of the government, ecologists, health workers and the citizenry.

Almost two million Ukrainians ride the railways every day, representing some four percent of the population. The average trip is 110 km and takes about three hours. Later the passenger comes down with furunculoses, digestive disorders, headaches and even viral hepatitis, diphtheria, dysentery or some other infectious disease. Rarely are these conditions connected to the railroad trip, the most popular and easily accessible form of transportation for local and long-distance trips.

The fact is, modern railroads are a serious health hazard. They are used for the transportation of vast quantities of solid and liquid substances that spill along the tracks and at railroad facilities and threaten every living thing. These substances include coal, petroleum products, acids, alkalis, poisons, mutagens and carcinogens. The most dangerous factors are infectious agents that contaminate passenger cars and are derived from human wastes that foul areas adjacent to the railroads.

In addition to the colon bacillus, human fecal matter also contains hundreds of other infectious agents, among them viruses, rickettsia, streptococci, staphylococci, pneumococci, vibrios, bacilli, protozoan cysts, eggs of intestinal worms, fungi, and so on. Many of them survive

outside the human body and pose a danger for days or weeks, and some even persist for months and years.

In addition, unsanitary conditions in lavatories lead to the spread of other agents via expectorations and saliva responsible for tuberculosis, diphtheria, syphilis, typhus, and malaria. Soviet press informed us at the end of the 80s—in connection with the pre-perestroika and pre-glasnost amnesty of political prisoners—that of the almost one million prisoners in jails and concentration camps 100,000 suffered from tuberculosis, half of them with open cavities. On his way home from a 're-educational' institution a single such returnee was in a position to infect three to five other passengers.

In general, 25-50 passenger trains move along the major corridors in a day; on some days this figure approaches 80. The average train consists of 15 cars with 50 passengers, or 750 passengers per train. If only one passenger uses a lavatory and flushes 100 grams of feces, then one kilometer of the track becomes covered with 5-10 kg of fecal matter every day, which is equivalent to 2-3.5 tons a year. It would take a heroic effort to estimate the numbers of viruses, bacteria, protozoans and fungi that accumulate along the trains, are stirred up by the train movement, and then enter the compartments as aerosols via windows and doors to pollute the internal air and settle on all the surfaces. They are disseminated for distances that measure tens of meters away from the railroad tracks, contaminating plants, soil, ground and subsurface waters and infecting thousands of humans.

In addition, the number of foreigners using our trains is on the increase. Many of them are from tropical countries and serve as carriers of disease agents to which we have no immunity and physicians lack experience in dealing with them. This matter is all the more serious since the general level of immunity in our population diminished two-fold during the last half century, particularly after the Chernobyl tragedy, rendering us more susceptible to communicable diseases. As a result, infections are becoming more severe than was common previously. Not only do the train passengers suffer, but so do their families and all who come in contact with their infected clothing, possessions, and food.

Conductors, engineers, maintenance and service personnel are also exposed, and have a higher morbidity than the population at large. In fact, there are special tuberculosis sanatoria for railroad workers.

Our bacteriologic studies at the Lviv railroad station on passenger trains and other sites were yielded devastating results and would have had a shocking effect if published in the popular press.

Control of human waste is easy and inexpensive. Special removable containers can be attached to railroad lavatories and at the end of the trip emptied into methane tanks. The latter produce methane fuel as a result of fermentation, while the solid residue is transformed into

high quality fertilizer. Biotechnological processing of human waste is ecologically sound, cost effective and socially beneficial as it protects public health. Finally,

sanitation of the railroad cars also must be improved, including sterilization of air in lavatories with quartz lamps. Surely our lives and health are worth such efforts.

MOLDOVA

Lucinschi on Dniester, Related Topics

944K1211A Moscow OBSHCHAYA GAZETA
in Russian No 18, 6-12 May 94 p 9

[Interview with Petru Lucinschi, chairman of the parliament of Moldova, by Arkadiy Romm; place and date not given: "You Need To Dress for the Weather"]

[Text] Petru Lucinschi, the present chairman of the parliament of Moldova, was not that long ago Petr Kirillovich Luchinskiy, first secretary of the Moldavian Central Committee and then secretary of the CPSU Central Committee.

One of "yesterday's men who has surprisingly discovered the present and, in addition, has a pretty good view for the future. The smile of fortune or the art of political survival? What does Mr. Lucinschi himself think about this?

[Romm] Brazauskas, Aliyev, Shevardnadze, Lucinschi... One has the feeling that the former republics of the USSR have begun to pine for the leaders of the CPSU. Perhaps it is a question of the increased "buoyancy" of the former party leaders—they emerge from all scrapes?

[Lucinschi] Forgive me, but who started these "scrapes"? No one today cares to recall the ideas we presented in those times. That same Brazauskas and Shevardnadze, how they came in for it in those days! I was hit also, and there was reason—just read our public speeches of that time. Yes, we wanted change, how everything turned out is another matter. Not the best it could have been, to be blunt.

That which is new gradually grows out of the past. I do not believe that we are people of the old system because we not only proposed transformations but took part in them also. This is the first point. The second: In the old days also I was not so much appointed as elected, from the elections to the Kishinev University Hostel Council to election as secretary of the CPSU Central Committee. If people elect, consequently, they value.

We change together with life. I do not recognize politicians of whom it is said that their position is unshakable. When a person goes out, and it is raining, he opens his umbrella. Is dressing for the weather a retreat from principles? Of course, there are constant human values: kindness, love of motherland, integrity, finally. Political reference points are conditioned by life's demands. In one case one thing is suitable, in another, something else. It does not seem to me that in the former republics of the USSR people are being racked by nostalgia for the former times. It is more a desire for stability. And we are required to satisfy this desire of the people. If we cannot, we will be replaced by others.

[Romm] Today's political type and the Soviet political type—how much do they differ, in your view?

[Lucinschi] The former was more beset by complexes and oriented toward restrictions, stereotypes. There could be no dissertation, no speech, say, without quotations from Lenin and Brezhnev. There was more of a bifurcation at that time: There was politics "on the job" and "domestic" politics. Although we, the last generation of politicians of the Soviet Union, adhered less to the canons and argued more. Now, however, a politician is more unfettered and more decisive not only in his views but in his actions also. True, many people are commenting that there is too much argument and far from always on a point of substance. The lack of inhibition sometimes exceeds all permissible bounds.

Previously everyone understood that it was necessary to get along with those at the top. If you were held in some esteem there, your career was assured. Now, on the contrary, politicians orient themselves only toward those below them. Our members of parliament, say, it is quite difficult to unite them for collective action. Everyone tries to please his electorate first and foremost.

[Romm] Does it not seem to you, Petru Kirillovich, that had you not fallen foul of the first putsch, you would have fallen foul of the second?

[Lucinschi] Possibly. Too much is usually demanded of a politician—an instantaneous response to complex events. The national leadership at that time criticized us for our slow response to the events of August 1991. During the second putsch—rebukes once again, aimed at the Russian leadership this time. But this is life. And had things taken a different turn? Restraint is needed in such cases. Had I fallen foul of the second putsch, once again I would have been in no hurry.

[Romm] Can you distinguish in yourself, as a politician, your strongest and weakest traits?

[Lucinschi] My strong side is my weak side also—I do not form "my team," I rely on those with whom I happen to work. Trusting those around me, I have, of course, been "burned"—not everyone next to one is sincere. But it is better this way than trusting no one.

[Romm] Whether it is true or not, it is said that you feel quite lonely on Moldova's political Olympus.

[Lucinschi] Before becoming speaker of parliament, I held dozens of election meetings and socialized with thousands of people. Aside from planned meetings at enterprises, there was informal street contact also. It seemed to me that many people link their particular hopes with me. This restrains me each time it suddenly occurs to me to change the nature of my occupation. Am I lonely in this office? No, I do not experience loneliness. I experience another feeling—regret. It jars on me when our bureaucrat, having built a home and purchased a car, puts up one further little mansion and purchases yet another Mercedes—with dishonest money. Ours is a small republic, everything is in public view. If it is lonely, it comes from helplessness at being unable to bring order to bear.

[Romm] What will it take for this? You once said that Moldova needs 1,500 laws. When will you have prepared and adopted them?

[Lucinschi] A great deal of time will be needed, of course. But the present parliament, elected according to the proportional system, did in the first several weeks as much as the previous one did in six months. I said before the elections even that if one of the 13 parties that were fighting for seats in parliament were to obtain a majority, this would be the best thing. Otherwise we would once again be bogged down in intrapolitical struggle. I do not know of an instance in world practice of some member of parliament being answerable for having voted wrongly. It is usually the party that won the elections that is responsible. Had we not had a victorious majority here, we would have the same situation as in Russia, say. For what and to whom is Zhirinovskiy with his 22 percent of the vote responsible? Our Agrarian-Democratic Party, however, with which I am affiliated, has 54 percent of the seats in parliament. The parliamentary majority has formed a government accountable to both parliament and the people. An effective mechanism of power has come about.

[Romm] It was this, evidently, which secured the swift ratification of the treaty on Moldova's membership of the CIS also?

[Lucinschi] It was not so much politics as economics that prompted this decision. The manufacturers were telling us: Give us an outlet to the market. What kind of a parliament are we unless we create the necessary conditions for them? I was asked whether we would not be politically dependent on the CIS countries here. I replied: Of course we will be. What small countries are not politically dependent on big ones? This dependence does not frighten me, I failed to understand right from the outset why we had to reject the CIS.

[Romm] Will this ratification change relations between Moldova and Romania, in your view?

[Lucinschi] I would not say so. We have emphasized repeatedly right from the start that Moldova wants to develop as an independent state in friendship with neighbors and other countries. That some politicians of Romania view our decision as a sign of a cooling and even of a break with them altogether is another matter. But what there is in our common history, in the culture—this is here to stay. The common language itself presupposes closer human contact. The statements of our previous parliament and of a number of political parties were presented such that the people of Moldova want to unite with Romania. But sociological surveys

have said that this is not so. It was no accident that the party that advocated unification with Romania mustered only 0.3 percent of the vote at the last elections.

[Romm] We have heard in Moldova repeatedly: We are not Moldovans, we are Romanians. You do not consider yourself a Romanian?

[Lucinschi] My parents and my forebears were Moldavians. Hence, I am a Moldavian also. And the majority of inhabitants of our state feels this way. After all, Moldova has had its own history since the 14th century. This was, as we know, the northernmost province of the Roman Empire, this was why the ethnonyms "Roman" and "Romanian" became prevalent. Some people call themselves Romanians now also. I am not allergic to this. If this is what you call yourself, so be it.

[Romm] The previous parliament relinquished its authority on account of it being unable to untie the "Tiraspol knot." Will not the present parliament depart for the same reason?

[Lucinschi] That corps of deputies was unable to handle any serious problem, specially such a major one as this. Now, however, we have quite a number of pragmatists who are not obsessed with extremes. The Tiraspol leaders themselves are saying that with the accession to power of the Agrarian-Democratic Party a real opportunity for resolving this problem has appeared.

[Romm] And what have you personally done to bring the banks of the Dniester closer together?

[Lucinschi] Inasmuch as the 14th Army is in the Dniester region, inasmuch as the self-proclaimed republic is supported by certain forces in Russia, and inasmuch as Russia is linked with this conflict in general, settling it without it is impossible. This is why I insisted that Russia appoint its representative, who would assume the role of mediator and be constantly up to date. Moscow agreed, and negotiating is now easier.

[Romm] You are being called the future president of Moldova. Is there any basis for this talk?

[Lucinschi] We will have presidential elections here in 1996 so there need be no hurry. When I began my work in parliament, the press began to constantly set Snegur and myself against one another. It would like, evidently, to organize some conflict. I believe, however, that since we have been elected, we should work together—otherwise it will be bad for everyone. In a word, all in good time. Who knows what the alignment will be in 1996? I have experience of how changeable society's affections are, and I am not forecasting my presidency—this would get in the way of work.

ESTONIA

Parliamentary Committee Reviews Foreign Policy Issues

944K1106A Tallinn RAIIVA HAAL in Estonian
28 Feb 94 p 3

[Article by Tiit Made: "Estonia's Foreign Policy 1993: 'The Flying Minister' and Timidity"]

[Text]

On February 17, Riigikogu [Estonia's parliament] discussed Estonia's foreign policy, and listened to the government's plans for the future. Foreign Minister Jüri Luik made a presentation on behalf of the government. It did not include any analysis of the previous year. Predecessors were praised, the Meri-Manitski-Velliste line was proclaimed, and a promise made to continue along that line. The Foreign Commission of Riigikogu limited itself to a statistical report of its work. The greater part of the government coalition was not interested in the discussion. The government, or rather its foreign ministry, was represented by only a few people. The independent media was enthusiastic about the minister's presentation. The session hall of Riigikogu was aglow, if not sold off, in a glitter of pretense.

We Lost Time in 1993

Estonia's foreign policy was not as successful as it was made out to be. We have lost time and missed out on international initiative. Actions taken have not always been sensible, nor have they been to the benefit of Estonia alone. We were too yielding, perhaps, to the wishes of super-states. We have given too much leeway to international organizations to dictate to us. The foreign politicians and officials visiting Estonia dispelled our vigilance, when they tapped us on the shoulder for human rights. Thus, we let United Nations stick us with an uncomfortable resolution regarding human rights. Now it is not quite clear whether we are violating it or not.

The priorities and the orientation of our foreign policy have also remained unclear. Out of Estonia's political elite, every person has his or her own vision of what state or what organization we should be dealing with. We didn't quite understand it ourselves, who is responsible for foreign policy in Estonia, or who has the last word. There was a power struggle between factions. That also irritated Estonia's friends abroad.

We waxed enthusiastic about international organizations. The rules of the game for UN, NATO, the European Union, CSCE and GATT were obviously not too well understood. We did not quite know the balance of power in UN and CSCE, which is controlled by Russia. For us, CSCE is a meaningless organization altogether, because it was created by the Soviet Union to further its imperialistic aims. Russia is very comfortable there. After all, representatives of CSCE have been promoting

Russia's cause in Estonia quite unashamedly, gotten involved in our internal affairs, and fanned up international tensions in Narva. You can still remember what happened with the laws on aliens and local elections.

I watch with trepidation, how the theoreticians and practitioners of our foreign policy adopt the theories of CSCE emissaries on integrating aliens into Estonian society. This is both dangerous and harmful. Such integration will subject us to the control of a stronger nation, ruin our culture, make us into a bilingual country, dilute our pragmatic attitude to life, and reduce the necessary immunity to resist harmful foreign political influences.

Timidity About Russia

During 1993, we have made many concessions harmful to the state of Estonia in the course of our dealings with our eastern neighbors. They had their way in fixing our sea borders. They have skilfully managed to delay removing troops and military pensioners from Estonia. They have been able to tell the world at large, without any protest from us, whatever they please about Estonia. They are about to get their way with the connecting regions treaty that is very harmful to Estonia's state security. They got voting rights for their legal and illegal citizens to participate in our local elections. They want to turn Estonia into an officially bilingual state. Their efforts toward changing the language law are continuing. They want Estonian citizenship for all of their people. This has already encouraged our governing officials to think about toning down the citizenship law. They have already obtained the right to apply for a residency permit for a portion of their military pensioners. They are not interested in economic cooperation. They are asking for greater political concessions, instead.

With the tacit approval of the Western states, Russia has taken us into its sphere of influence. No protest. Velliste's foreign ministry explained that there was no need to react to anti-Estonian statements made by Russian politicians. That was supposed to increase the sympathy level toward us. However, Russia kept hammering away, but no sympathy was forthcoming. The government kept assuring us that the Western states and NATO would not leave us in trouble. How big would that trouble have to be? The government consoled us that there was no need to worry about the limited contingent of Russian troops in Estonia. They were supposed to shrink anyway, and not be dangerous at all. We were beginning to believe. Now we are told that they cannot leave because of cold weather. Up until August 30, we will go on believing that they will be gone by August 31. Just as the government wanted us to believe in their departure by the end of 1992, and then again by the end of 1993.

The Foreign Commission of Riigikogu

made repeated attempts during 1993 to encourage the foreign ministry to action that would be geared more to the interests of Estonia. Repeatedly, there has been talk of the conservative activity of our UN delegation, of the

liberal stance of our negotiations with Russia, and of our lack of progress in setting up visa-free travel with other countries. The foreign commission asked why Canadian citizens can come to Estonia without a visa, while our citizens must pay 500 kroons for a visa. The need to set up rotation within our foreign delegations was pointed out to the foreign ministry. There have been detailed explanations of reasons why it would benefit our state to have the foreign ministry initiate a wide-ranging propaganda campaign to explain our positions. Members of the foreign commission recommended that the foreign ministry protest against the anti-Estonian statements made by the Russian politicians, and other acts harmful to the state committed within Estonia's territory by the "political tourists" from CSCE.

Riigikogu and its foreign commission had to take the initiative, because motivating the government did not bear fruit. Now, the international public is aware of Riigikogu's position on the growth of imperialistic tendencies in Russia's foreign policy. And also of the position of the foreign commission on negotiations being held with Russia and the presence of Russian troops in Estonia. Riigikogu has turned to parliaments and governments of the world asking them to influence Russia that it, as the legal successor to the Soviet Union, would acknowledge the occupation and annexation of Estonia. But even these undertakings had their opposition. Why irritate Russia? There have been quite a few members of the foreign commission and of Riigikogu who cannot stop their endless editing, which keeps putting off the passing of the resolution.

Riigikogu's involvement in foreign policy issues seems to be paying off. The harsh statements made by Russia's politicians and members of the government have diminished in number. On February 20, Ostankino's [Russia's major network] News program referred to Riigikogu's statement about the precipitation of Russia's imperialistic tendencies. It was done with a touch of annoyance, but containedly. Russia does not respect neighbors who are whining, subservient or without opinions of their own.

Foreign Ministry Like a Sailor's Wife

The busy staff of the foreign ministry spent the year of 1993 either expecting or sending off its minister. The 'flying minister' spent almost half of his work-year abroad explaining, at press conferences, that Estonia is regarded everywhere with benevolence and respect. We are being supported, we have learned. Last fall, however, when this support was needed at UN, we didn't get it because our 'friends' threatened to walk out on the meeting. That was the way it was explained to us to justify the failed maneuvers in the matter of the human rights resolution relating to Estonia and Latvia. We found out that abstaining from the vote was a diplomatic coup and a concession to Latvia. We were told that the two Baltic states would be left at the mercy of the African

countries, who would be happy to support Russia. Our 'flying minister' had not yet gotten through to the African tribes.

Now, one can always come back to the human rights problem. At Russia's insistence (or proposal), UN has even appointed a special counsel to the executive secretary for that purpose. We are wrapped up tightly with Latvia now. That is why we also have to share some other issues. Like that of the Skrunda radar station. I don't think that giving Russia the station is an internal matter for Latvia. This sly maneuver is as hazardous to their security as it is to ours.

The staff at the foreign ministry is different from those found at other state offices. It includes many individuals whose thinking has evolved in other parts of the world. The rank-and-file Estonians often find it hard to share some high-ranking official's understanding of Estonia's situation, its relations with its neighbors, and its tactics for handling foreign relations. I can well understand how convictions that have been implanted in people in some distant motherland, can be different from those held in our native country here. Prominent figures from the other side of the Atlantic may think that Estonia should be yielding, accommodating and considerate of the complicated political and economic situation of our great neighbor. For that we should keep our state egotism at bay. One can assume that this is the order of the day in the minds of many ministry officials from some foreign land and that it becomes part of the policy being pursued. I sincerely hope I am wrong, although this is what we are seeing.

I want to reiterate here to the columnist from HOMMIKULEHT (see HL April 18, 1993) that I was not 'making faces' from the podium of Riigikogu and 'believed sincerely' that the chief of foreign ministry's political department stated the momentary stance of some North-American country, maybe also that of the exile-Estonian leaders at the foreign ministry, to keep Estonia from approaching NATO. This young official reacted to Lithuania's desire to join NATO quite clearly: 1. it can cause a counter-reaction in the West; 2. it is not realistic; 3. we should wait to be invited. No commentary has been forthcoming.

Riigikogu has difficulty understanding the Estonian language of the foreign ministry. Riigikogu received some documents that have caused anxiety. Like ratification of the famous 'buttonhole', 'sidecar' or the Baltic states economic cooperation law. Riigikogu has accommodated the foreign ministry to the maximum, and even violated its own procedures to get the matter settled fast. I am not complaining that the foreign ministry exerted a certain pressure on Riigikogu. We were even being lobbied by some of Estonia's outstanding industrial leaders. We believed their argument that unless this document is ratified during 1993, the Estonian industry will collapse. Nothing tragic happened, however, because the law is still not in effect. It would be nice to have less panic in the work of the foreign ministry in the future.

Situation Is Far From Hopeless,

even though we cannot give a satisfactory rating for the foreign policy of 1993. That part of the foreign minister's presentation at Riigikogu that deals with visions for the future of our foreign policy is quite factual. It seems that the orientation for foreign policy that has been quite confusing up until now, is beginning to take shape. Providing a logical direction for staff activity at the foreign ministry is also essential. The current staff needs a good airing out. Other countries have been imposing too much of their will and their ideology on us.

The idealization of leading Western countries is bound to come to an end soon, as we start looking for allies among such countries that can sense the danger emanating from Russia on their own skin. Those who don't sense that danger get out from under every time an important resolution needs to be passed. They simply do not wish to spoil their relations with Russia for some small Baltic state.

It's a good thing that the foreign minister spoke seriously about the need for close cooperation in the Baltic region. Such cooperation was hard to come by in 1993. A few visits or meetings between high ranking officials do not necessarily signify profound and coordinated relations. Due to our reserved stance toward countries with leftist governments, cooperation between the Baltic states was hampered because of Lithuania. Listening to Jüri Luik, one is likely to get the impression that we will also be seeking contact with such CIS countries, who would be our allies in the fight against imperialism.

So, what if a theoretical course is taken for joining up with NATO and the European Union. For the time being, it will amount to nothing more than taking a political stance. But even that is something. I fear, though, that CSCE is an organization that is completely hollow and harmful to us, in addition to being a waste of time and money. The Western states we get our orientation from do not take this artificial organization seriously. This, too, affords an opportunity to demonstrate our attitude.

There are problems with the UN. The latter is influenced largely by Russia and its satellites. We should have a strong delegation in New York who could stand up, at least to some degree, to the experienced diplomacy of Russia. It would be a shame if the presently known plans for restructuring our UN delegation were to be carried out.

I fully agree with the expert opinion of HOMMIKULEHT, maintaining that foreign policy be left to the professionals. And therein lies the problem. It will take some time to turn amateurs into professionals who are capable of analysis and interaction. Right now, it's more like the twin games of the north: there are those who jump well, and others who ski splendidly. Winners would be those who can not only jump far, but also ski fast.

Wheat Production Examined

944K1106B Tallinn RAHVA HAAL in Estonian
4 Mar 94 p 11

[Article by Jüri Laansalu, rural economy advisor to the Ministry of Agriculture: "Estonia's Wheat Makes Good Flour for White Bread"]

We'll Be Planting More Summer Wheat in the Spring

[Text]

Estonia needs anywhere from 85,000 to 90,000 tonnes of eating wheat a year. That, provided that the million-and-a-half people living here consume 67,000 to 70,000 tonnes of white bread (123 grams per person per day), 5,000 to 6,000 tonnes of macaroni and 1,500 to 2,000 tonnes of farina.

We consume 235 to 250 tonnes of wheat a day. The stocks are being depleted daily and need to be replenished. Right now, it is not really important how big the state's total wheat reserve is (we know the amount in the State's Silo). What is important, however, is that all of Estonia's bakers, confectioners and others involved in baking buy their flour from our millers, and that these millers, in turn, buy the good wheat grown by our farmers. Unless, of course, the millers and bakers prefer to buy foreign flour? The determining factors here, of course, are the quality and the price of grain and flour.

Quality of Grain

Can Estonia's grain growers produce the kind of wheat that makes for good white bread? I think that most of them can!

Over the past few years, scientific and experimental facilities have studied the combatibility of our own and foreign breeds of wheat, especially those from the Nordic countries, with Estonia's climactic and soil conditions. Seeds for preferred breeds of wheat have been bought and also received as aid. Instruction has been made available to those who have requested it.

The growing of wheat has also made progress. In 1993, the yield per hectare was roughly 2.5 times bigger than it was in 1989, while the total yield, over the same period, is down by one third. Last year's results showed that, even in poor weather conditions, the grain growers managed to turn out a good crop of wheat.

According to the center for testing the quality of grain, the wet gluten content was 23 percent or more (that meets the requirements of high quality wheat) for 40 percent of winter wheat and for 85 percent of summer wheat. A shedding rate of 180 or more was noted for 70 percent of summer wheat and 80 percent of winter wheat lots. The requirements of high quality eating wheat were met by roughly 60 percent of the summer wheat and 30 percent of the winter wheat yield or, by volume, somewhere between 36,000 and 40,000 tonnes (not including seeds). And that, I repeat, in a year unfavorable to wheat!

The highest gluten content was noted for a breed called Heta—29 percent (32 percent for 1991, and 37 percent for 1992). Wheat with a wet gluten content of 28 percent or more is considered to be extra-high quality. The planting area of Heta made up two fifth of the total planting area for summer wheat.

Figures are free of emotion and indicate our actual potential. With the right selection of breed and proper technological methods, we can even grow wheat for making macaroni.

The Price of Grain

It is hard to predict where the world prices for quality wheat will be by fall. According to the first issue of AGRARWIRTSCHAFT for 1993, volume prices of soft wheat were \$143 a tonne at the ports of Western Europe between September and November of 1992. Depending on grain quality, lot size and seller, the prices varied up to two times. Including the cost of transportation (at \$13 a tonne) the average price of imported soft wheat at the port of Tallinn is at about \$155 or 2,128 kroons a tonne.

What will be the cost of wheat to the producer this year? Most likely between 1,300 and 1,400 kroons a tonne (expert estimate). No doubt there are big differences between producers. If we purchase all the weed- and pest-control materials, fertilizers, fuel and lubricants, which will make up close to 40 percent of the production prices, then we would have to spend between 45 and 50 million kroons. To import all of the wheat at average prices, however, would call for spending somewhere between 180 and 190 million kroons.

Should We Be Importing Production Resources or Grain?

Undoubtedly, there are importers who bring in wheat below the average price. But that does not necessarily mean that white bread made out of this is any cheaper, nor do we know much about the quality of the wheat being imported. I, as a tax-payer and an ordinary consumer of white bread have yet to notice any stabilization of prices, only escalation. I dare say that the wheat brought in by way of aid in 1992 was of lower quality and with a lower gluten content.

In Summary

As long as neighboring countries and super-states have laws or other legal measures regulating the grain market, Estonia's grain market would also have to be protected by similar legislation.

In 1992, the total of wheat planted was 2.7 times that of the 1989 total. The amount of summer wheat planted last spring was the same as it was a year ago, while the winter wheat planted in the fall was less than half of that. That indicates that our grain market was not functioning effectively, and that our grain trade is poorly organized.

In countries with a normal market economy, long-term contracts are in place between the growers of grain,

millers and bakers. This creates a feeling of security for all concerned, even for tomorrow. It is time for us, too, to start negotiating agreements and be done with that by the time spring planting starts.

In one year, we have consumed the amount of wheat it took us two years to grow. The planting area of winter wheat has diminished and, whatever was left, suffered damages during the winter. Wheat reserves are not infinite. How about planting more summer wheat in the spring! We should have enough seed for 24,000 to 25,000 hectares.

Growing wheat would help secure a higher level of employment in the rural areas—by providing employment for at least 470 families.

Growing our own wheat is also more favorable to the consumer price-wise—by being cheaper by one third. Growing wheat will also help stabilize the foreign trade balance, by adding 130 to 140 kroons to the plus-side.

Increase In Cost of Living Reported

944K1106C Tallinn RAHVA HAAL in Estonian
8 Mar 94 p 1

[Report summary from Economic Desk: "Cost of Living Up 5.2 Percent in February"]

[Text]

According to the Bureau of Statistics, February's consumer price index was up 5.2 percent, compared to January. Food items went up by 6.8 percent, and manufactured goods only by 0.9 percent. February's increase in the price of services amounted to 6.3 percent.

The only drop was noted in the price of eggs, down by 16.1 percent. Going up, at the same time, were prices of fish and fish products, by 21.3 percent; milk by 20.5 percent; fruits and vegetables by 15 percent; and alcoholic beverages and tobacco by 10.3 percent, due to the increased excise tax on alcohol. Relatively steep increases, compared to other categories of merchandise, were also noted for cooking fats (9.7 percent) and soft drinks (6.9 percent).

Also up, in February, were shelter prices by 5.1 percent, and transport and communications services by 5 percent. Expenditures for health care were up 1.4 percent, and expenditures for housekeeping up 2.4 percent from January.

During the year, the prices of consumer items and services went up 43.1 percent on the average. The biggest increases were noted in the prices of fish products and eggs (88.7 and 83.3 percent respectively). Significant increases were also noted for such vital items in the shopping basket as meat (relative share 10.3 percent and price increase 68.3 percent), shelter (19.7 and 68 percent respectively), and transport and communications (relative share 13 percent, annual price increase 48.3 percent). The relative share of soft drinks in the shopping basket is only 0.5 percent, but their price went up 72.8 percent.

**Cost of Living: February 1993 through February 1994
(in percentages)**

February, 1993	1.7
March, 1993	3.6
April, 1993	2.3
May, 1993	1.7
June, 1993	1.3
July, 1993	2.6
August, 1993	0.7
September, 1993	3.0
October, 1993	2.6
November, 1993	4.0
December, 1993	4.1
January, 1994	5.5
February, 1994	5.2

The increase in the cost of living has been even greater lately as, in January of this year, it amounted to 5.5 percent (see tabulation). As one can recall, this year's inflation had been projected as high as 20 percent earlier, and at least 30 percent by some of the more recent estimates. Even that later figure is subject to correction pretty soon, due to the price increase boom of March 1.

Growth In 1993 Direct Investments

944K1106D Tallinn RAHVA HAAL in Estonian
11 Mar 94 p 5

[Article by Tiiu Metsa: "Direct Investments In Estonia Kept Growing In 1993"]

[Text]

During the year of 1993, investments of foreign companies that were made in their joint ventures in Estonia amounted to 2,232.4 million kroons, while direct investments of Estonian companies made abroad amounted to 103.6 million kroons.

Estonia's investments abroad may be small, compared to the influx of capital coming our way, but what matters, in the opinion of Tiiu Metsa, head specialist at the Bank of Estonia, is that these were made basically during the second half of the year.

Fifty-five percent of direct investments in Estonia came from increases in venture capital, 29 percent from increases in loan capital, and 16 percent from reinvested proceeds.

Viewed by the total volume of direct investments made in Estonia, Finland placed first with 32.3 percent, followed by Sweden (29 percent), The Netherlands (5.9 percent),

Switzerland (4.4 percent), Italy (3 percent), Russia (2.6 percent), and Germany (2.4 percent).

Investments of venture capital, so vital to Estonia, kept growing during 1993, amounting to 1,233 million kroons. Foreign investors poured 764 million kroons into new ventures started in 1993. The capital resources of joint ventures already operational were increased by 388.6 million kroons. Proceeds from the privatization of state enterprises to non-residents yielded 80.4 million kroons, while 63.3 million or close to 80 percent of that amount came to Estonia during the fourth quarter.

Who Are the Partners?

According to the Bureau of Statistics enterprise register, the greatest number of joint ventures were formed with Finnish companies (1,551), followed by Sweden (301), Russia (253), and Germany and the United States, with 126 companies each. But looking at the average volume of capital invested per enterprise, we see Hungary taking the lead (4.7 million kroons), followed by Italy (4 million), United States (1.5 million), The Bahamas (1.2 million), Turkey (1.1 million), Sweden (0.9 million) and Switzerland (0.8 million).

By the average amount of venture capital invested in each, however, Finland ranks 34th, Russia 30th, and Germany 24th among the 56 countries that have started new business ventures in Estonia. Thus, most of the joint ventures formed with Finland, Russia and Germany were relatively small.

Currently, Swedish investors are making significant cooperation partners for Estonian companies. Even though Sweden holds second place after Finland for the number of new ventures, it is way ahead of Finland by the volume of capital invested in them. During 1993, Swedish companies invested 272.4 million kroons in new Estonian ventures (the corresponding indicator for Finland is 188 million kroons).

The flow of capital into joint ventures already operational is made up of 228.9 million kroons or 59 percent coming from Swedish companies; 108.9 million kroons (or 28 percent of the total) coming from Finland; and 35.5 million kroons (or 9 percent of the total) coming from Switzerland. The rest of the countries contributed considerably less to the influx of capital, adding up to a combined total of around 4 percent.

For 1993, the difference for investors between disbursements and repayments of long term loans was 169.3 million kroons. Since obtaining long-term loans does not follow a steady pattern, the difference between their disbursements and repayments varied quite a bit for each quarter. Most of the long-term foreign loans came to Estonia during the second and the fourth quarters. The largest extenders of long-term loans were direct investors from Finland and Austria (143.3 million kroons and 101.4 million kroons respectively).

Structure of Direct Investments for 1993

Type	Total (million kroons)	Percentage
Venture Capital	1,233.0	55
Reinvested Proceeds	364.6	16
Long-Term Loan	169.3	8
Short-Term Loan	465.5	21

The difference between disbursements and repayments of **short term loans** (including commercial credit) and **reinvested proceeds** grew considerably during 1993. Even though these growth items were somewhat smaller for the fourth quarter than they were for the third, one can conclude increased momentum and effectiveness in the cooperation of Estonian companies with their foreign partners.

The **economic sector** preferred by foreign investors last year was industry, where 45 percent of the direct investments were channeled. That was followed by wholesale and retail trade (26 percent), finance (8 percent), real estate, leasing and business services (7 percent).

Rybkin: Finland Could Mediate Troups Dispute

94EN0318Z Helsinki HUFVUDSTADSBLADET
in Swedish 19 Apr 94 p 5

[Article by Maria Romantschuk: "Finnish Mediation Discussed During Rybkin's Visit"]

[Excerpt] Ivan Rybkin, speaker of the Russian parliament's lower house, the Duma, thinks it would be good if Finland could mediate in the conflict between Russia and Estonia regarding the withdrawal of the Russian troops from Estonian territory.

The question of troop withdrawals and potential Finnish mediation was on the agenda during the speaker's visit to Finland, which was concluded yesterday.

"I think it would be quite good," said Speaker Rybkin and said that it could be useful to have a third party in the negotiations between Russia and Estonia.

This, at least, was the conclusion that could be drawn from the not too complete interpretation of Rybkin's message.

The negotiations between Russia and Estonia have not been completely suspended, but they also have not progressed. Russia has pledged to withdraw its troops from the Baltic states by the last day of August of this year. But no agreement with Estonia has been reached as yet. The fact that the troop withdrawal can be accomplished according to the established timetable is one of the conditions for Russia's acceptance by the European Council.

The Russians have not submitted any actual appeal for mediation help, but the question was discussed with both

President Martti Ahtisaari, Prime Minister Esko Aho, and Foreign Minister Heikki Haavisto.

Rybkin did not want to enter into how the Finnish hosts reacted to the question.

Aho has previously taken a reserved position on a potential mediation task, while President Ahtisaari has said that if Finnish advice is needed the question must be treated seriously.

In any event, Ivan Rybkin is of the opinion that the sooner the Russian troops are gone from the Baltic the better.

"Best of all would be if not a single Russian soldier remained outside the borders of Russia."

[passage omitted]

First Police Contingent to Finland for Training

94EN0318Y Helsinki HUFVUDSTADSBLADET
in Swedish 21 Apr 94 p 7

[Unattributed article: "Training of Estonian Policemen Useful for Finland as Well"]

[Text] The training of Estonian policemen in Finland has gotten under way. In early spring the Police Institute in Espoo already had a few Estonian policemen for a brief course. At the Police School in Tampere a crime investigation course, in which Estonian investigators participate for the first time, is under way right now.

The police department of Finland's Ministry of the Interior and the head of Estonia's police have agreed on intensified cooperation in training. This year about 30 Estonian policemen will take courses in Finland.

Chief Inspector Matti Launiainen of the Interior Ministry's police department says that the training of Estonian policemen also gets the Finnish policemen used to international relations. Finland also benefits from the Estonian policemen by acquiring current information about crime in the east.

The first experience from the training cooperation is good. The language represents the biggest problem, but it is not insurmountable. The training language is Finnish.

Criminal investigator Ain Balder from Tartu says that economic criminals in Estonia have a five-year lead over the police. This lead is what one is now trying to shorten with the training in Finland.

The strong moral self-esteem of the Finnish police appeals to the Estonian policemen, says Balder. In Estonia there are problems of suspicion about receiving bribes. This is ballast from the Soviet era that one should get rid of, he says.

Balder believes that personal contacts across the Bay of Finland will make criminal investigation in both countries more efficient. It is surely better to get help through direct contacts than via Interpol or other official international channels, he says.

Yurantsev on Problems of Ethnic Russians in Baltics

944K1222A Moscow MOSCOW NEWS in English
No 18, 6-12 May 94 p 4

[Article by Grant Gukasov: "For Whom are Russians Kith and Kin?"; first paragraph is introductory paragraph]

[Text] The Representative Assembly of the Russian-Speaking Population was instituted a year ago in Estonia as the only organization for non-citizens which has been officially registered and is permanently functioning as a party to the round table under the auspices of the President of the Estonian Republic. Its leader, Nikolai Yurantsev, was interviewed by MN correspondent in Baltic countries.

MN: Who are the Russians in Estonia? Are they splinters of the empire? Or is it already a new community with its own world views and interests?

N.Yu.: The Russians diaspora in Estonia consists of many layers: it includes the old indigenous Russians from the time of the Russian Empire, and the most numerous postwar emigration wave, and two subsequent ones—dating back to the mid-1960s and the early 1980s. No one doubts any longer that all of us, the permanent inhabitants of Estonia—Byelorussians, Ukrainians, Russians, Koreans and Armenians are Russian-speaking people—and we have been trying to unite on the principles of an association of fellow-countrymen, language and non-citizenship. The latter has been engendered by the political partialities of national-radicals, become embodied in a number of ER laws on the state language and on foreigners, and turned into a veritable calamity for a third of Estonia's population. We are already the Baltic Russians. Our association is more necessary for the indigenous inhabitants who must understand that living next to them are "their own Russians."

MN: Today the image of a Russian looks like that of a rabid foe from the East whose only occupation was to oppress, enslave and occupy...

N.Yu.: Forgetting that the West has perpetrated more troubles here than the East. But the position of many present-day Estonian politicians is this: all evil comes from the East. Even the period of the war from 1941 to 1944 is being repatterned to fit a simple and very clear theory of the main enemy being nearby.

Life itself has repeatedly given the lie to this obstinately imposed stereotype. From the very beginning of perestroika, the "native" Russians have repeatedly demonstrated their loyalty to the independent Estonian state. For instance, last year there was a referendum in Narva and the question was formulated as follows: "Are you for national-territorial autonomy as part of the Estonian Republic?" The majority said "yes," but the result was an attack on the part of governmental structures and the

non-recognition of the referendum's results. The situation was fraught with power confrontation. But the "reds", as the government called the Narva leadership, recognized the verdict of the State Court on this referendum as being valid and final, that is, their reaction to the "attack" was obedience to the law. A similar referendum took place in Transnistria, whereupon a war broke out there. The result: Transnistria remained Transnistria, and Moldova remained Moldova. Here, however, the Leningrad highway was not blocked with ferroconcrete slabs, as both sides displayed sense.

MN: Citizenship is the key problem today. The wisest decision on this question has been taken by Lithuania. And not because there are few Russians there or because they are especially loved...

N.Yu.: Evidently because the politicians there understand what a state is. And they do not put up countless fences which they themselves will have to climb over, turning their problems inside out before Europe. Europe's orientation is clear and accurate: the peoples of the Baltics must independently decide the problems of relationships with Russia. In the wake of Lithuania, Latvia has defined its attitude on the question of citizenship. And has found a common language with Russia.

The 1988 Law on Citizenship in Estonia could have solved the entire problem had it been carried into effect from the first paragraph to the last. But it was tailoured with a simple resolution on putting the law into effect, deleting the paragraphs which did not suit the national-radicals. But to Europe the law was shown as a whole. And Europe was delighted—they had no such liberal laws. In accordance with this law, permanent inhabitants, i.e., inhabitants with the permanent Estonian domicile registration, who have lived here for more than ten years, actually receive their citizenship in the zero variant. The ruse of the national-radicals was that the resolution introduced the countdown not from the actual time of residence, but since 1990. A temporary residence permit is now granted for a term of up to five years, and only coupled with a passport does this document give one a right to stay in the country. The term of the general civilian passport's validity expires in July 1995. And one fine day you will get your residence permit in the shape of an insert into the passport with the loss of the latter's validity. And then you will be able to live in Estonia on legal grounds for a mere 24 hours.

"There is need to fight for this residence permit"—such is the meaning of the statement issued jointly by the Representative Assembly and the Russian Community of Estonia. Everyone must decide the problem radically for himself. If he stays to live here, it means that he can follow two roads. The most correct thing, we believe, is the acquisition of the Estonian citizenship.

MN: How does Russia assist the Russians' integration in an independent Estonia state?

N.Yu.: Let me answer bluntly to a blunt question: in no way. Needless to say, any word uttered by Russia in

defence of the Russian diaspora carries weight. But today this is no longer enough. Russia's policy towards Russians must be normal protectionism which is widespread all over the world. But, it seems, Russian protectionism extends solely to the retired military servicemen, and this is a partial problem. There are hundreds of thousands of people who worked at the Union enterprises. Russia only singles out but a handful of retired servicemen from among hundreds of thousands. This tends to trigger these Russians' surprise and dislike for both retired servicemen and for Russian politicians. Russia has never formulated its policy in relation to Russians in the near abroad.

There are some fragmentary general declarations, but there is no tangible political line which is clear to everyone. In the past few years we have witnessed many sanctions: economic and political, as well as the President's formidable statements. And all this, as a rule, boomeranged at the Russian-speaking population and failed to reach its objective. Of the same nature is the decision on raising custom tariffs beginning with March 15 of this year—this again hits at the Russian-speaking population.

During the past year we have had more understanding with the West than with Russia, which can only be regretted. When a crisis broke out in connection with the Law on Foreigners, five ambassadors, accredited in Estonia from European Community countries, undertook a political demarche as a result of which this law was sent to the Council of Europe for an examination by experts. Those were the ambassadors of Italy, France, Germany, Denmark and Sweden. The Russian ambassador was not among them.

MN: Are you under the impression that Russia has been sliding more and more towards power solutions already inside the CIS?

N.Yu.: As I see it, democracy the Russian way must be a rigid system ensuring the controllability of the whole country, but this does not mean that its feet in high boots must stick out in neighbouring countries.

The latest elections to the local self-management bodies in Russia have demonstrated a system of anarchy. When, however, the government of Estonia granted non-citizens the possibility to elect to self-management bodies, the majority came to the polling stations. At Tallinn's City Assembly there are 32 Russians among the 64 deputies. But electors first had to register, then go to the polls. They came on both occasions in contrast to people in Russia. The government made a little step to meet them half-way, and it received a splash of loyalty.

LATVIA

Poll Rates Preelection Standing of Political Parties

944K1206A Riga NEATKARIGA CINA in Latvian
16 Apr 94 p 3

[Article by Peteris Lakis: "Commentary"]

[Text] As shown by the results of our public poll on the municipal elections, citizens should show ample participation in these elections. As could be expected in an early preelection phase, over one-third of the respondents have not made up their minds with respect to their voting ballot preferences at this time. It should be noted that only general sympathies have been polled, and every political power will have representatives in each electoral district. It is obvious that the personalities appearing on the ballots will play a major role.

The results of the study also confirm a degree of inertia with respect to public opinion—to a large extent, the positions held by the various political powers are similar to those in the Saeima election. It is true that the situation could be fundamentally changed by the creation of new political unions, and in particular—on the basis of coalition formation, and, of course, by increased campaign activities. In any case, the results of this poll should only be considered as a first survey of public opinion, and the prediction of the possible election outcome on the basis of these is overly risky. A truer indication of this or some other outcome with respect to how the voters will express their sympathies can only come after the lists of candidates are published.

PETERIS LAKIS, head of "Prognose" NSA.

NC PREELECTION POLITICAL POWERS RATING
NO. 1. (PROGNOZE, Elizabete Street 45/47 tele: 331663, fax: 334162.)

Date of survey: March 4-11, 1994. Areas surveyed: Riga, Daugavpils, Rezekne, Liepaja, Ventspils, Saldus, Limbazi, Cesis, Bauska and neighboring rayons.

Surveyed: 684 citizens of the Republic of Latvia. Among the citizens, those who will not vote: 14.3%, those who will vote: 58.2%.

NAMES OF PARTIES AND POLITICAL ORGANIZATIONS	TOTAL
1. Latvian Way	20.8%
2. Farmers Union	17.6%
3. Fatherland and Freedom	12.9%
4. Latvian National Independence Movement	12.3%
5. National Accord Party	7.3%
6. Democratic Party	6.2%
7. Economists Political Union (Accord for Latvia)	5.9%
8. Socialist Party (Equal Rights)	5.6%
9. People's Front	3.2%
10. Christian Democratic Union	2.9%
11. Latvia's Democratic Labor Party	2.9%
12. Social Democratic Workers Party	2.3%
13. Others	0.1%

Unemployment Effects on Stability and Crime

944K1206B Riga LAUKU AVIZE in Latvian 15 Apr 94
p 3

[Article by I. Randers: "The Impact of Unemployment on Internal Politics and Crime"]

[Text] State Labor Minister A. Berzins submitted a report to Prime Minister V. Birkavs on the *impact of unemployment on the stability of internal politics in the state and the necessity of initiatives to reduce unemployment*.

The report states that in many areas of Latvia, especially in the Latgale rayons, the unemployment rate is two to three times higher than the national average, and that such areas are becoming increasingly more numerous. The problem primarily affects the small cities and rural districts of Latvia, which contain a large majority of Latvians (according to the 1989 census data—74%). These are areas where enterprises based in major industrial centers had established branches at one time, but have now ceased their activities, for the most part.

Under these conditions, the situation cannot be improved through unemployment compensation nor by extending the period for receipt of such (the Cabinet of Ministers has compiled a list of such cities and rural districts in the rayons of Aluksne, Balvi, Dobeles, Jekabpils, Kraslava, Madona, Preiļi, and Rezekne, where unemployed workers have the right to extend their unemployment compensation for up to 12 months—I.R.).

The increase in the number of those unemployed has created economic problems (nonpayment of rent and communal services, an increase in the number of those requesting and receiving social assistance, etc.), promotes a polarization of the political views of the inhabitants and, overall, promotes crime in the state.

In Western nations, there is an assumption that each percentage increase in unemployment, on the average, increases the rates of crime by 4% and suicide by 5.6%. While not attributing this assumption to Latvia, in its entirety, the State Labor Minister mentions these facts: the start of unemployment was recorded at the end of 1991, and the crime rate per 1,000 inhabitants rose from 129 in 1990 to 235 in 1992 (an increase of 82%). The suicide rate (759 cases in 1991) in 1993 has increased to 1,088 cases (43%).

In order to stabilize the internal political, economic and crime situation in rural Latvia and its small cities, the following is proposed: first, create a state commission which would develop a special program for rayons with a high rate of unemployment, in order to promote commercial activities, secure existing enterprises or reorganize former branches, and also attract the interest of

businessmen to start, continue or expand their businesses; second, in the Privatization Agency, create a division which would examine enterprise privatization projects from the standpoint of saving jobs, and only after this has been accomplished, propose a selling off price for these projects.

New Border Guards Commander Appointed

944K1206C Riga LABRIT in Latvian 16 Apr 94 p 1

[Interview with Janis Adamsons by Ieva Stale: "Border Guards Have New Commander"]

[Text] On Thursday, Defense Minister V. Pavlovskis signed an order appointing Command Captain Janis Adamsons, the present Deputy Commander of the Naval Forces to the position of Border Guards Brigade Commander. Thus, control of the land borders will be overseen by a Navy man. In this connection, "Labrit" is offering a brief short-order interview with the new Border Guards Brigade Commander.

[Stale] Did you agree to this position willingly?

[Adamsons] I am an officer, and in the Army it is assumed that the orders of a higher ranking officer are to be followed, regardless of whether they concern changing over to another post or retirement. I was satisfied with my present post and also with the work I had contributed in forming the Naval Forces. The actual offer to become the Border Guards Brigade Commander was unexpected, although I am a professional coast guard.

[Stale] How did you become a coast guard by profession?

[Adamsons] I studied at the Russian Naval War School. For 13 years, I served in the Far East in various leadership positions as a coast guard. I was last stationed in Russia at the Coast Guard Training Center in Nahodka, where I served as deputy head of the training center.

[Stale] In your opinion, what is the weakest point in the present overland border protection plan?

[Adamsons] I will be able to answer this question one month from now, after I have familiarized myself with all overland border problems. I guarantee that the information will be available to the press.

[Stale] What are the main activity objectives of the new Border Guards Brigade Commander?

[Adamsons] To strengthen overland border control, protection and defense, involving the participation of those people who are serving in the Border Guard at present. The main objective is to organize regular cooperation among the state institutions involved with border control—the Ministry of Internal Affairs, National Guard, Customs. Until now, while serving in the Naval Forces, there was good cooperation among these institutions. I hope the situation continues.

END OF

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16 JULY 1994